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2003 HOUSE APPROPRIATIONS

HB 1003

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1003

House Appropriations Committee

☐ Conference Committee

Hearing Date January 8, 2003

Tape Number	Side A	Side B	Meter #
1	X	X	
Committee Clerk Signature			

Minutes: All representatives were present

Overview of University Systems, Chuck Stroup, President of the State Board of Higher Education, testifying. Chairman Svedjan called the meeting to order at 8:30 am. Mr. Stroup presented an overview of the system. See attached.

Chairman Svedjan: Discretion on tuition wavers, enlarge, what does that really mean?

Mr. Stroup: University presidents can use tuition wavers to help boost a degree sector in the private sector. They can actually raise tuition to control the overfilled classes. (15.9)

Rep. Skarphol: You list new enrollment as one of your accomplishments. Comment on the controversy.

Mr. Stroup: Mr. Hillman will comment on this. (17.5)

Chairman Svedjan: In the overview, I expect we will get the numbers?

Mr. Stroup: Yes.

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Chairman Svedjan: Clarification on block grants--the ninety-five percent matter and how the pooled appropriation relates to the school of medicine?

Mr. Stroup: I'm sure we'll be able to address that for you.

Rep. Delzer: Noted that the budget for Higher Education is too high in comparison to the Human Services general fund money and is concerned by how effectively he will be able to justify that expenditure to his constituents.

Mr. Stroup: Would like some time to think about it and will respond after the meeting.

Hon. Bruce Furness, Mayor of Fargo: See attached.

Mr. Dennis Hill, Executive Vice-President and General Manager of North Dakota Association of Rural Electric Cooperatives: See attached.

Mr. Dale Anderson, President of the Greater North Dakota Association: See attached.

Chancellor Larry Issak: See attached.

Chairman Svedjan: Are there performance measures to help students graduate in four years and what are the costs?

Chancellor Larry Issak: Student graduation and retention rates will be reported one year from now.

Chairman Svedjan: Will that look at late graduation and the costs of that to the state?

Chancellor Larry Issak: I don't know. Suspects there are studies that can be referred to.

Accountability Measures section

Chairman Svedjan: Do you break that (traditional/non-traditional enrollment) out by out-of-state, instate?

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Chancellor Larry Issak: I don't know. Do we? (refers to colleague) Yes we do. Mike is going to cover that later.

Rep. Delzer: Questioned the need for 45-minute access. Commented that driving 2-3 hours to college would not be a problem for most people.

Chancellor Larry Issak: Is not sure why 45-minute access is important. But noted that the consultant had identified 45-minute or mile access as being a critical point to the plan. There are two gaps. Drake is one.

Rep. Koppelman: How does that compare with other states? Do other states use the 45-mile criteria?

Chancellor Larry Issak: I don't think so; not stated like that. Minnesota probably has the same level, but probably not Montana.

Rep. Brusegaard: North Dakota graduates perform well. (page 12) What do we do to raise the bar of Cytotech and Diatetics?

Chancellor Larry Issak: Once those campuses see the results, they will be able to fix it. Developing trends that will be used to improve the system.

Rep. Delzer: General fund percentage of money spent--does the figure presented reflect alumni money?

Chancellor Larry Issak: If the alumni foundation gives a check directly to a campus, but not those moneys given directly to students for financial aide.

Rep. Delzer: Is that information available?

Chancellor Larry Issak: Thinks some of the information may be available and will provide at a later date.

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Mr. Mike Hilllman, Vice Chancellor for Academic and Student Affairs: (See attached)

Presented the overview of Accountability Measures (2-C, page three)

Rep. Delzer: Does any Job Service Workforce Training money go into this?

Mr. Mike Hilllman: Not sure.

Chancellor Larry Issak: If the funds used were supplemented by Workforce 2000, then yes.

Rep. Delzer: Can you find that out?

Chancellor Larry Issak: We don't know the source of funds the businesses are using.

Mr. Mike Hilllman: Refers to page ten--student performance section.

Rep. Aarsvold: Have you determined the statistical significance on the differences?

Mr. Mike Hilllman: No, we are a young organization.

Chairman Svedjan: Is this not a measure of those who took the exam compared to the success rate, and would you factor in those who didn't take it?

Mr. Mike Hilllman: *inaudible.*

Rep. Kempenich: Over what time period?

Mr. Mike Hilllman: One year snapshot.

Vice-Chairman Timm: On page 14, do you know how many graduates remain in North Dakota?

Mr. Mike Hilllman: Over half of graduates stay in the state, with the "Find It" report used; it is touch to track if students go out of state.

Mr. Mike Hilllman: The number of part-time students will increase, so we need to focus on serving them and we've been doing a good job.

Mr. Mike Hilllman: Addresses Rep. Skarphol's question from earlier testimony. Page twenty-six. The US Department of Education requires campuses to report enrollment numbers

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and trends through a process called IPED. This is a national system used to track student numbers in particular degree tracks. All enrollment data is consistent nationally between institutions.

Rep. Skarphol: Would a full time student at one institution who is also taking a course at another institution be counted by IPED as a full-time and part-time student?

Mr. Mike Hilllman: If the campus is awarding degree credit, then we count that student. We report if they are part-time or full-time.

Chairman Svedjan: Refers to a controversy for counting students that relates to the timing of the student count.

Mr. Mike Hilllman: Addresses timing issue and refers to a census date on which all students are counted.

Rep. Warnke: If a high school student is taking dual credit for college and high school, is he or she counted as a college student?

Mr. Mike Hilllman: yes.

Rep. Wald: On Workforce Training dollars by campus--$2 million dollars available through Job Service. How do you interrelate with Workforce training dollars? Is there duplication? Please make information available.

Mr. Mike Hilllman: Believes that information to be available, but not encompassed within the report at hand. Would you also be interested in the nature of the training?

Rep. Wald: Yes.

Ms. Laura Glaff University Systems

Chairman Svedjan: Why are the two-year school's tuition higher than four year schools?

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9/30/03
Date

Ms. Laura Glaff They have not always been state schools, but gaps narrow over time.

Rep. Brusegaard: Do they include technology and laptop fees?

Ms. Laura Glaff No.

Rep. Brusegaard: So if they were, the totals would have been comparable.

Rep. Monson: What tuition raises are scheduled and how will other states' rates change?

Ms. Laura Glaff They will be set this spring and after the session. There are two scenarios created--No increase

Rep. Warnke: What percent of ND students are on student loans?

Ms. Laura Glaff That information is not in here, but I'll forward it to you.

Rep. Monson: There is not allotment for Federal funds.....

Ms. Laura Glaff The Federal funding is included in the institution side. It is a 3 legged stool, we didn't want to have students or states take institutional fund as a replacement for state or student funds or specific allotted funding.

Rep. Warnke: What is the per capita spending on Education nationally?

Ms. Laura Glaff We don't have an exact number, but it is high.

Rep. Gulleson: We would like to see the institutional line item of funding.

Rep. Skarphol: ND is ranked 3rd in the nation in the % of their budget spend on education. What percent of students enrolled in the NDUS are out of state?

Ms. Laura Glaff I don't know, but MN is the largest source of imported students. However, the ratio of out-of-state students to in-state students is reaching a 1:1 ratio.

Rep. Monson: We don't seem to have an amount received in the budget for Minnesota reciprocity. Why not?

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Ms. Laura Glaff Since the ratio is close to the break-even ratio of 1:1 then there is no exchange of funds. Since Minnesota has increased their tuition, we are receiving less money in reciprocity payments.

Rep. Monson Is there any chance we would have to actually pay Minnesota?

Ms. Laura Glaff The state that sends the largest number of students pays the other state for reciprocity.

Rep. Carlson: What is the projection for importing students?

Ms. Laura Glaff The roundtable has been working at using higher education as an economic development tool. We are also working hard to serve the under served areas in the state to increase enrollment.

Rep. Wald: What is the source of UND flood appropriation?

Ms. Laura Glaff The state funds it.

Rep. Martinson: I don't understand why funding was not a criteria when picking peer groups. Wouldn't that be important?

Ms. Laura Glaff The schools did not pick their peer groups. If funding level is what needs to be determined, then let's look at similar institutions and what they are funded at. Funding was not the parameter of the search, it was the purpose of the search.

Rep. Martinson So you are saying that ND universities are under funded?

Ms. Laura Glaff No, that is not what is implied.

Chairman Svedjan: Isn't the 95% benchmark a moving target? Will we ever catch up?

Ms. Laura Glaff They are updated to what other states are funding. That is why there is a 12 year target.

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Dr. Richard Kunkel, VP of the State Board of Higher Education: Gave overview of NDUS management plan. Distributed written testimony.

Ms. Laura Glaff On the Budget Request. Need to find 17 million for the hold-even budget. They either need to internally reallocate funds, or increase tuition. This latter seems to be the most likely.

Rep. Monson: Are you going to be able to answer line item inquiries when we go to divisions?

Ms. Laura Glaff Yes, we will.

Rep. Warnke: What is the plan for the 2005-2007 biennium?

Ms. Laura Glaff We don't have that information here.

Rep. Delzer: Requested that the funding source and figures for the UND flood appropriations was requested for divisions.

Rep. Monson: What happens with Capital Construction lease payments?

Ms. Laura Glaff They are appropriated from the general fund.

Rep. Carlson: Are insurance payments settled from the UND flood yet? And how much money will we collect and what is its impact on the budget.

Ms. Laura Glaff The insurance payments are not collected yet.

Rep. Carlson: How many campuses have voted to have voluntary tuition raises to fund wellness facilities?

Ms. Laura Glaff We don't have that information here, but we can get it for you.

Rep. Delzer We need to make sure that the institution is bonding only when there is proper authority over it.

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1003

House Appropriations Committee
Education and Environment Division

☐ Check here for Conference Committee

Hearing Date January 13, 2003

Tape Number	Side A	Side B	Meter #
1	X	X	
Committee Clerk Signature	Celeste Keller		

Minutes:

Chairman Martinson called the hearing to order on HB 1003, Dickinson State University's budget. All members of the committee were present with the exception of Representative Monson.

Lee Vickers President of Dickinson State University, provided written testimony in support of HB 1003. Most of his comments were regarding enrollment and placement trends and university highlights.

Alvin Binstock Vice President of Business Affairs at Dickinson State University provided written testimony in support of HB 1003.

Rep. Gulleson: You endorse the university system's desire to roll the budgets into two items and allow the State Board of Higher Education to direct your budgets. What would be the advantages of that to your campus as opposed to the legislative oversight?

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Lee Vickers I think that that process and procedure is consistent with the roundtable and consistent with the long term allocation plan. I think that the State Board of Higher Education is closer to the issues on a day to day basis, a weekly, monthly basis, and so I think from the standpoint of efficiency and effectiveness that would be the appropriate approach.

Rep. Gulleson What would be the advantage to your campus as you see it other than the roundtable?

Vickers The advantage to our campus, I believe, would be the fact that the State Board of Higher Education is on our campus more frequently than legislators or the legislature, so once again we have access to them certainly on a monthly basis if not a weekly basis. I think it would be more efficient, more effective as far as us dealing with them than waiting for the legislature to come into session.

Rep. Wald You have this Murphey Hall project in two stages. Which part would be built first in the $5,882,000 and the second portion in the 2005-2007 biennium, the $3.8 million, how would that be built in terms of open walls, exterior walls and that sort of thing?

Vickers The first addition to be built would be the new addition that wraps around, that would include the new laboratories that would allow us to build the new addition and move the old addition into the new addition. The old section would become classrooms and a new section would have your newer laboratories. Keep in mind this is a science building that is 40 years old. It is highly out of date and there are major safety issues involved. Immediate issues have been resolved but they are still there. Faculty and students are complaining about the air that they are breathing.

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Rep. Wald Sometimes in the past when we have authorized capital construction projects, we talk about the basic building structure and the equipment comes later, and so the major portion of the equipment to have an ongoing viable lab would include most of the equipment, is what you're saying if I understand you.

Vickers Some of the basic equipment that would actually be part of the building is all there and some of the other essential equipment is there. It would not give us all of the things we need but certainly would be much better than what we have now.

Rep. Wald If we could find revenue to bond it when would construction start?

Vickers It would start as soon as possible. We would have to have the architect develop the drawings and do that just as quickly as possible. I will also point out that this project is not only a major need of our university but has a major impact on our region of the state from the standpoint of attracting students and working with the various high schools. So it is not just a university project, it really is a project that impacts the region.

Rep. Aarsvold Looking at the duel credit chart on page 7 of section 1, what portion of those are on campus as opposed to off campus?

Vickers All of those are off campus.

Rep. Aarsvold How many of those courses would have both college and high school students in the same setting?

President Vickers asked Dr. Rich Brauhn, Vice President for Academic Affairs to respond.

Dr. Brauhn Virtually all of the classes we offer in dual credit have some students in it that are not taking the course for college credit. What they really are doing is having the advantage of the course in terms of their own information and knowledge base, but a lot of the smaller schools in

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our area, because of personnel situations, could not have one section of calculus, one for college and one for non-college credit students. It is just impossible from a personnel standpoint. It varies, some courses will have 80%, 90% of students receiving college credit. Some will have only 2% or 3%. By and large there will be some students in there that do not take it for college credit for one reason or the other.

Chairman Martinson closed the hearing on HB 1003.

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1003

House Appropriations Committee
Education and Environment Division

☐ Check here for Conference Committee

Hearing Date January 13, 2003

Tape Number	Side A	Side B	Meter #
1		X	3.8 to end
2	X		
Committee Clerk Signature	Celeste Keller		

Minutes: **Chairman Martinson** called the hearing to order on HB 1003, Minot State University's budget. All members of the committee were present with the exception of Representative Monson.

Erik Shaar President of Minot State University, provided written testimony in support of HB 1003.

Rep. Wald Did NDSU start a criminal justice program of some sort?

Shaar Yes.

Rep. Wald Does that compete or does it augment. What was the reason, what was the board's rationale there?

Shaar I really cannot speak for the board, my recollection is one program was focused on urban criminal justice issues in the case of Minot State and the UND program focuses on rural issues.

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Rep. Wald In a state like North Dakota we're going to have urban and rural? Somehow I'm not connecting.

Shaar I must apologize, I'm not sure that I can defend one or the other. We were looking to partner if that partnership was applicable.

Rep. Wald What kind of enrollment do you have in this criminal justice program?

Shaar We don't have an enrollment yet that I can lay before you in the Ph.D. program. In our masters degree program we have, off the top of my head, somewhere between 20 and 30 students.

Rep. Wald You're hoping to attract how many in the Ph.D.?

Shaar Probably a dozen.

Rep. Aarsvold What would be the career track of someone with a Ph.D. in criminal justice?

Shaar In the academic area, I believe, and the continuation of the formal studies.

Rep. Gulleson What do you see as the advantage of moving the budgets into 2 line items and removing the legislators from oversight of the direction of those dollars?

Shaar I think we've entered perhaps a new dimension in the governance of higher education and I think this is consistent with what Dr. Vickers said but perhaps a little bit different. We've entered the dimension where the entire spectrum of higher education is a major task to be understood and then to translate that into appropriations is a very difficult task. My sense is that what the board and the chancellor's office have been involved with is an attempt to do it on a very rationale basis and on a deliberate basis and I guess in order to be able to plan, I think that's probably one thing that I would like to emphasize. One of the things that we have not been able to do is plan definitively for the direction that we would like to go assuming that everyone

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9/30/03
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approves that direction. As part of this process working with consultants and coming up with a long term financing plan, you may disagree with the plan, but it is a plan. Minot State University, for instance, in the whole comparable institution process, we are a little bit unique in this because we didn't see any wide divergence. There were some that were a little bit better funded, some a little bit worse funded. In our comparative group, and the words of Dennis Jones, he says that Minot State, among the whole spectrum of institutions, is the most prototypical. We are the most prototypical institution by comparison across the country because we have undergraduate and masters degree programs. There are a good body of institutions that have that mix and so it is much easier to find comparative institutions for Minot State. I am comfortable with the old way because you have dealt with the institution that I represent fairly.

Rep. Gulleson You just out laid some very positive things that your campus has done and that has all been done under the oversight of legislators. Do you think that has impeded you in any way?

Shaar No, it has not impeded. Things change. I think this is a good change.

Rep. Wald It appears to me that the campuses that are growing fair better under the roundtable funding mechanism than those that are probably just holding their own. Is that a fair statement? They get to keep more tuition dollars rather than kind of share them with the system?

Shaar Lets define growing. Are we growing in numbers of students, programs? I would characterize Minot State as an institution that has been, over the years, a very solid center and deliberate about its development. Lets use development rather than growing. I am getting very nostalgic about the renovation project that was conducted in Old Main. That's not growth. We didn't grow one inch in that. What we did was prepare the way for the future. It is a very solid

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example of the way this institution has developed over the years. Would that have happened under any other form of government, we won't know until we see it. I would contend there is enough planning and enough good will that has gone into the proposal to give it a chance. Is that an answer to the question?

Rep. Wald Not really. It seems to me there is kind of a turf discussion going on here. I could say battle, but I think discussion about the legislature is somewhat reluctant to give up some of that oversight, I don't want to call it micro managing. I think some of that oversight and that we had a greater degree of identification by campus. Now it's kind of all pooled and mixed up and maybe that's good, I don't know, I think the jury is still out on that question. I think the question Rep. Gulleson asks is a very fair one that every campus should answer in front of this committee or the full committee about where we're going in terms of funding and using the roundtable approach rather than the traditional approach.

Shaar You have done very well because I have no complaint of the former but I also like to think of myself as still being forward looking and clearly the scope of these institutions has broadened and not that you are not all up to the task but I think your confidence placed in other sources, you still in my view have the ultimate judgment capacity at your fingertips.

Rep. Wald I think a lot of us were very enthusiastic about the roundtable and the cooperation from campuses and avoided duplication and that sort of thing. Then I find out the board authorizes a criminal justice program in Fargo at NDSU. I understand they have a communications program at NDSU, one that is not accredited at UND. We see an expansion of programs and I thought the roundtable was going to do probably the opposite and those are some of the disappointments, and not knowing all the details, which I hope to find out before we

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adjourn sometime in mid April, where we're headed in terms of whether the traditional method with some modification was better than the roundtable. I think the jury's still out.

Chairman Martinson suggested we get to the budget.

Bruce Haskins Vice President for administration and finance at Minot State University, presented written testimony in support of HB 1003. He discussed the current budget as well as the hold even and needs based budgets.

Rep. Wald On the middle of page 5, regarding the new student teaching fee, maybe you mentioned that and I missed it. Is that unique to Minot or what is it?

Haskins I didn't mention that but I do not know if that would be unique to us or not. I do believe the other universities are charging a fee to students that are going into their student teaching and pay about $100 per semester for two semesters and it would pay for the student teacher's supervisors in the outlying schools.

Chairman Martinson closed the hearing on HB 1003 regarding Minot State University's budget.

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1003

House Appropriations: Education/Environment Subcommittee

☐ Conference Committee

Hearing Date: January 13, 2003

Tape Number	Side A	Side B	Meter #
2	X		15.5-36.7
2		X	0.0-37.7

Committee Clerk Signature: Mickie Schmidt

Minutes:

(Tape 2, side A, 15.5-36.7)

REP. BOB MARTINSON: Opened the hearing on HB #1003, MSU.

KENT GROSS; DEAN OF MSU AT BOTTINEAU: Explained and went through handout, pages 1-8. (see attachments-page #1 is our introduction section which provides a brief description of our mission.)

(Tape 2, side B, 0.0-0.3)

JIM BRAKOWSKI; DIRECTOR OF FINANCIAL AFFAIRS AT MSU: Discusses Budget section and capital project replacement of old main.(see attachments-page 10-14)

REP. BOB MARTINSON: If there are no questions, I will close the hearing on HB#1003 and we will resume at 1:30 PM.

(Tape 2, side B, 0.3-37.7)

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REP. BOB MARTINSON: Roll call: everyone present. We will continue the hearing on HB #1003 with the North Dakota School of Science.

(1.3)SHARON HART: PRESIDENT OF ND STATE COLLEGE OF SCIENCE: Explained and gave presentation and handed out attachments. (see attachment, pages 1-7) Talked about 3 primary goals.

(14.2)DR. JOHN RICHMAN: VICE-PRESIDENT OF INSTRUCTION FOR NDSCS: Presented data on four areas: Student demographics; enrollment, placement figures, Satisfaction, Programming and Program cost analysis. (see attachment, pages 8-38)

(15.3)REP. GULLESON: In terms of the high cost of staffing, is it because you pay your staff so well or is it because that future student ratio that's required?

(15.5)DR. JOHN RICHMAN: VICE-PRESIDENT OF INSTRUCTION: It would have to do with various things. In our Dental program, we're a credited program, they have limits on their student ratio. That ratio is 6 students to one instructor, compared to a Social Studies class where there will be 40 or 50 students to one instructor. When nursing students are doing their clinicals, accreditation limits- 8 to1.

(16.6)REP. OLE AARSVOLD: On the national examination of succes: that you have sighted on page 20, are those strictly first time tests, or multiple tests?

(16.8)DR. JOHN RICHMAN: VICE-PRESIDENT OF INSTRUCTION: Those results are first time exams.

(17.0)DR. JERRY MIGLER: VICE-PRESIDENT OF COLLEGE OUTREACH: Explained the examples of partnership and identified developed key partnerships. (see attachment, pages 39-43)

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(24.6)DR. MIKE RENK: VICE-PRESIDENT FROM ADMINISTRATIVE AFFAIRS:

Explained the accomplishments and hold even budget. (see attachment, pages 44-56)

(32.0)SHARON HART: PRESIDENT OF ND STATE COLLEGE OF SCIENCE:

Continued support, any questions?

(32.9)REP. GULLESON: One of your missions is to keep up with the industry in terms of meeting the needs of training and so on. Are you looking at adding any additional programs or how do you meet those needs, what's your plans?

(33.3)SHARON HART: PRESIDENT OF ND STATE COLLEGE OF SCIENCE: That's been a real challenge for us. We have a number of programs that we would like to bring to the college. Right now instead, we're looking at program reduction to meet the needs within the institution to keep growing and moving. It's one of those binds that we're in right now. We want to continue to serve the state of ND. We are a costly institution to run and in order to be providing the types of programs that we do, we need to find additional partners.

(34.9)REP. OLE AARSVOLD: Have you had the opportunity to observe how the Minnesota 2 year programs are affecting you, particularly in the state of ND generally with regard to enrollments and attracting students?

(35.2)SHARON HART: PRESIDENT OF ND STATE COLLEGE OF SCIENCE: Yes, when we look at competition, our competition is to the east. I like to see what's happening with enrollment at the other institutions which are closer to us. I believe there were almost 1,500 students who crossed the border last year, who went into Minnesota to Northwest Tech. The majority of those students could have enrolled in our programs. That's why we are looking to expand at continuing to expand the Fargo market. We will continue to look at options on how we

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can possibly entice that student, that will bring them down to our main campus to complete a degree.

(37.5)REP. BOB MARTINSON: We will close the hearing on HB#1003 and adjourn until tomorrow morning at 8:30am.

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1003

House Appropriations Committee
Education and Environment Division

☐ Check here for Conference Committee

Hearing Date January 14, 2003

Tape Number	Side A	Side B	Meter #
1	X	X	
2	X		
Committee Clerk Signature	Celeste Keller		

Minutes:

Chairman Martinson called the hearing on HB 1003, UND and UND School of Medicine and Health Sciences, to order. All members of the committee were present with the exception of Representative Monson.

Charles Kupchella President of UND spoke in favor of HB 1003 and provided written testimony.

Chairman Martinson asked how faculty pay raises are handled, whether guidelines were given out, and what type of process is used.

Kupchella They are all tied to their performance evaluations. Every faculty member is subject to an annual review of their performance. Merit was used to cover all of it. We were required by law to provide a $35 per month raise to anyone who wasn't fired. That was the extent to which we did across the board. Every other raise was based on performance. When I say 7.1 in a

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particular year, that might range from 15% for somebody down to $35 per month for some others.

Rep. Wald The previous slide showed 1% endowment. Is that the money you receive from the UND foundation?

Kupchella That is money the university actually has directly. Where the foundation's dollars show up is in tuition because they give scholarships to students and then they pay the tuition with that money.

Rep. Wald Do you have a ballpark figure that you get from the foundation you can share with us?

Kupchella Roughly 6 million dollars.

Rep. Brusegaard Sharing different tuition levels for different programs either using program fees or setting different tuition for different programs, is that a trend nationwide, and is it something that is fairly unusual to do?

Kupchella I don't know if it is that general but it certainly is not uncommon. We already started to do that. They will have program fees in programs like engineering and law, for example. If you are in that program you pay a program fee. What we are saying is as the burden to pay for education shifts to students, we have to begin to take into account that not all of the program students can take cost the same. Some of them are more expensive and we have been pretty much saying tuition is tuition no matter what you major in even though I know that there are some programs that cost four times as much as in other fields to deliver a credit hour. We are going to try and find some balance.

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Rep. Brusegaard: I can't help but think that as the costs rise majoring in English, you are more apt to switch to a different vocation whereas a student majoring in Aeronautics or something fairly specialized to UND would probably have a little more room to grow on the tuition side before they would change their vocation.

Kupchella We think we have room overall because we always charge tuition up to 12 hours, it is still low relative to those benchmark states.

Rep. Brusegaard With the reciprocity agreement involving out of state students from Minnesota, are we giving away revenue?

Kupchella If you will permit me, I have a slide that will show you that.

Chairman Martinson If we were to give a blank check to the board so that they would allocate the money to campuses, is it your anticipation that your increase would be at a greater level then some of the other schools?

Kupchella Absolutely.

Chairman Martinson Do you have any idea how much that would be?

Kupchella That depends on how much new money there is. The board has actually specified what percentage of any new money would go for what we call equity adjustments, that is, helping those get closer to where they should be.

Chairman Martinson Does the equity start at a 100% level or a 95% level of your current funding?

Kupchella My understanding is as soon as there is some additional new money to be appropriated, 80% of it would be allocated according to history to keep institutions roughly where they are and the 20% would be used to deal with this issue right here.

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Chairman Martinson Lets just say there is no new money and all of the schools are given the same money that they were given last year, and the legislation says that they can't be funded at a level less than 95% of their current. Do you then anticipate that you would receive additional money and some of them may be at a 95% level?

Kupchella No, because the board again has said that if there is no new money they would allocate the money basically on the basis of what we had last year. The hold even 100% budget is actually a cut because of inflation and salary increases. All of the schools have those issues to deal with.

Rep. Wald South Dakota and Montana are considered contiguous, how about the provinces, is that considered contiguous?

Kupchella No, they are not under the WICHE, western group of states. We can give a waiver or a scholarship to a Canadian student but we only have about 200 of them.

Rep. Wald So they would be in the nonresident category?

Kupchella Right.

Chairman Martinson On the medical liability insurance, it is my understanding that not all of that 1.8 is medical, is that right?

Kupchella That is right. It's all health, but as I understand it, it is not all of our medical school. It's every health program in the state, throughout the system that gives insurance to students who are in things like medical technology. It's the total bill for health risk insurance. It doesn't include things like money we have to put in a fund in case there is a suit and we lose, it doesn't cover that. It's health risk.

Chairman Martinson Do you know how much is just the University of North Dakota?

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Kupchella I do not. OMB has not been able to tell us what that slice would be.

Chairman Martinson I'm assuming that that was in your original budget request and somebody decided along the line to take it out.

Kupchella Yes. They knew there was a problem. You are aware of the complexity that was actually centralized a couple of years ago and literally taken out of our budget and covered by OMB to try and get the better central group rate for the whole state.

Chairman Martinson It's hardly fair that that should have to come out of the University of North Dakota.

Kupchella It wouldn't be fair at all as a matter of fact. I would have to agree.

Chairman Martinson We'll ask OMB when they come with their budget why they didn't put it in there.

Rep. Svedjan I need to ask clarification on the cost to continue. When you have to prepare your budget, the cost to continue which relate to salary increases that have been granted during the current biennium are not included in the proposed budget, whether it be the 95% budget or not. Is that true?

Kupchella It's true. It works this way. The legislature gives us the budget for two years. You only get enough to cover one year of that. It covers only one year of that second year raise. So when we open the curtain on the new biennium, we are that raise in the whole.

Rep. Svedjan I have a question about that because it would seem to me if we are truly budgeting the way we should, when you start preparing your budget for 03-05, we need to know where you are in terms of total expenditures. You have to have a starting point and it would seem to me that

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the salary increases that have been authorized become a part of that base. But that's not the case here.

Kupchella Not the case.

Chairman Martinson If we gave the board of higher education a pool for equity adjustments, but we thought for some particular reason that UND was doing an excellent job in certain areas and we appropriated a little extra money for you, would you still expect to get your fair share of that equity pool?

Kupchella I would expect what they would do is take into account that they already got some, given the way the long term financing plan was drawn up. We know who is the greatest distance away from parity or equity with respect to their benchmark and very detailed formulas to how we would get to the various steps leading to 95% of equity for all the institutions in this state. It's a moving target because we're having increases in enrollment. Increases at UND in the last two years has been almost 2,000 students. That's as big as some of the schools in this state. Since it's a per student thing, we keep losing ground because we're adding students if the appropriation doesn't follow.

Chairman Martinson What you're saying is it wouldn't make any sense for us to give you any additional money if the board would take that away from you anyway?

Kupchella I suppose if you tagged that in a way that says we want them to get whatever your formula says they should get. In other words, we recognize what that is, and we want them to have this too, and spelled it out very clearly that that's the law, then they would have to follow it I suppose.

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Rep. Wald You said that under a hold even budget scenario the raises you gave the second year of the biennium would not be included in that number. Is that how I understand it?

Kupchella It does, but it only includes one years worth. The biennial budget that I got last time had enough money appropriated in it to cover a raise during the second year of the biennium.

Rep. Wald Like you said when the curtain rose on the 2003-2005 biennium, which is in front of us, that hold even budget did not include the raises you gave the second year of the biennium?

Kupchella That is correct.

Rep. Svedjan Where is the authority that requires that budgets be presented that way, that is, where you don't include the cost to continue in your base budget. Is that a requirement of OMB, a requirement the board has placed on it, or is it something the legislature has done?

Kupchella The governor wanted a budget that doesn't have any more state money in it than it had last year, so that is what the board did.

Rep. Gulleson On a scale of 1 to 10, how do you feel that your university would benefit from having the state board direct your funding versus the state legislature.

Kupchella That is a tough question to answer. I know what the board would do if they had the money once they publicly worked a plan and formula how the dollars would be appropriated. I don't know what would take the place of that. I don't know how to compare those two things. I was actually part of working out the arrangement for the long term financing plan and how to deal with this issue of equity, so I'm in favor of that. It seems fair. I'm one of the institutions at the bottom. I would like to have seen a greater percentage of what might be available in a given year go to helping correct those inequities, but it was a compromise. If institutions are going to be there, they have to be sustained somehow and there are real increases in costs every year that

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come with inflation and salary increases. So, it's 80/20. If it were me doing it I might have made it 70/30, but I was part of a group.

Rep. Gulleson Just a follow up to that. When you put together that plan, did you factor in your abilities at the university level research type of facility that you are, to leverage federal funds versus say Valley City or Mayville's capability to do the same?

Kupchella It depends on what you consider to be the state's primary role. I suppose if you ask the taxpayer, most of them would say it's to provide educational experiences for our students. We really want you to bring in research dollars too. It takes money to capitalize that kind of movement. If the state really wanted to be an agent, it will have to find a way to put more money into that. That would mean that certain institutions would have to be the recipients of those dollars because we have the greatest chance to do that. So the answer to your question would be, I believe, yes. If you want me to be an increasingly better research institution by bringing federal dollars, you can't fund me the same way that you fund Valley City State. They are being funded to do a different thing.

Rep. Wald Will you have any additional information later on the aerospace foundation? How many contracts do you have in place now in teaching pilots from other countries and is that a money maker for you?

Kupchella I wasn't planning to. It is. We have had several contracts. We've had China, both mainland and Taiwan. Today we just have mainland China. We do have a contract with Norway to train air traffic controllers and we also use aerospace foundation to support the training programs done in Hawaii, Seattle, Washington, Phoenix, Arizona and Crookston, Minnesota. That all goes through the aerospace foundation.

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Rep. Wald Has that program expanded significantly in terms of enrollment and do you collect enough tuition dollars to cover the expenses? Are there any other departments that subsidize aerospace?

Kupchella Aerospace actually has the smallest proportion fraction of its operating budget that comes from tuition and appropriated dollars. They have students pay, over a four year career, $34,000 to $35,000 just for flight. For the most part the expenses are covered by those students.

Rep. Wald Your relationship with EERC, that's pretty much a self funded operation? They attract enough research dollars to sustain themselves?

Kupchella It is. Yes. The overhead that comes from the federal government and the companies is put on their contract to charge for administration. The university keeps the relatively small fraction of that because we have expenses related to managing EERC.

Rep. Wald I believe I read an article in George Will's column about institutions having a philosophy of either you attract research dollars as a professor or you hit the road. What is the institutions approach at UND in terms of promoting your professors or encouraging them to do more research and therefore attract more dollars?

Kupchella Our faculty are expected to practice what they teach. That is, in some form or other, you're doing a funded research project. It's a measure that we use to evaluate their performance every year. If they are not bringing in dollars or publishing papers and keeping themselves in a position to attract those dollars, they are scored low, they may or may not be promoted.

Jonathan Loveseth Student body president, testified in favor of HB 1003 and discussed the past quality of education and lower tuition rates at UND and would like to continue to see that quality in the future.

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Rep. Svedjan Regarding the issue of health insurance, it is my understanding that the total increase in North Dakota for health insurance premiums is something in excess of 17 million. I'm seeing in the budget that what we need to look at funding for health insurance premium increases is something over 13 million. The difference must be how they have handled health insurance premium increases with the university system. What is it that is so unique about higher education that they need to find within their budget the funds to pay for health insurance premium increases, yet we are not seeing it handled the same way in other state agencies?

OMB I am not the analyst who handles higher ed. I just know in our discussions that their budgeting is a different system than the other agencies. Health insurance is included in the block of money that they receive. I am not sure whether there was an increase to cover that insurance increase.

Rep. Svedjan Question directed to chancellor. Is it your understanding that any share of the funds allocated to the university system include provisions for the increases in health insurance premiums for university system employees?

Chancellor Larry Isaak The flat budget, what is in the governor's budget, does not include the increased funds to pay for that. If that is all the money that was appropriated, there are two choices, one is that we cut internally at each campus to fund or we find other revenues through tuition to pay for that. When the budget requests were prepared, the university system was asked to prepare a hold even 100% dollar budget with the understanding that that would not include any funding for health insurance. What the governor appropriated was that 100% dollar amount, that does not include any money to pay for increased health insurance or for the 1% and 2% salary package as well. Those things would have to be funded internally or through tuition.

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Chairman Martinson Do you have a plan if you were to receive the exact same amount of money how you would handle that?

Kupchella It would be presented as part of the needs based budget. We have given that to the board, the board has sent it on to OMB as part of the board's needs based budget. The outlook is 14.72% increase in tuition if the state can't help.

Chairman Martinson Does that also include the health insurance?

Kupchella It does include most of it. The estimate was lower than how it actually ended up.

Dr. David Wilson Vice President for Health Affairs and Dean of the UND School of Medicine and Health Sciences, testified in favor of HB 1003. Please see prepared testimony.

Rep. Wald When you talk about health sciences I don't see nurses mentioned, is that encompassed in the definition of health sciences?

Dr. Wilson No, the nursing school is part of the main campus of the university. I would be happy to have the nursing school join us.

Rep. Wald The medical malpractice insurance, that's with a commercial carrier, it's not with the state risk fund correct?

Dr. Wilson That's right.

Rep. Wald You have had some dramatic claims, or what is the reason for the increase?

Dr. Wilson We have not had any tremendous claims. We always have a few little things. It's simply happening around the country. All of the malpractice has gone up.

Rep. Wald It's not your specific loss ratio?

Dr. Wilson Not at all. In fact, I think we are pretty safe.

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Chairman Martinson closed the hearing on the budget of University of North Dakota and UND School of Medicine and Health Sciences and recessed until 10:40 a.m.

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1003

House Appropriations Committee
Education and Environment Division

☐ Check here for Conference Committee

Hearing Date January 14, 2003

Tape Number	Side A	Side B	Meter #
2		X	
3	X		

Committee Clerk Signature Celeste Keller

Minutes:

Chairman Martinson called the hearing on HB 1003, North Dakota State University's budget, to order. All members of the committee were present with the exception of Representative Monson.

Joe Chapman President of North Dakota State University, provided prepared testimony in support of HB 1003.

Rep. Wald You previously stated it's tough to be in that national pool for recruiting. We had a report about the number of states that pay 100% of the employees health insurance. There is only 6 of them in the whole country, according to this article, that pay 100% of the employees insurance. Does that help you in recruiting?

Chapman Absolutely. When we talk to people about the package we put together, we go through that in detail. We talk about the significant contribution and health insurance benefits.

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Rep. Wald And that will tilt the scales?

Chapman Yes. The better your retirement and health benefit package, especially when recruiting people that are in the early ages where they have children, makes a big difference.

Rep. Wald How about in keeping people?

Chapman It helps unless they are going to a state that has a better package. That has not been a big issue, the big issue for us has been how the salary is handled.

Rep. Wald I would imagine there is tremendous research opportunities with the 4 new companies to where a professor might look at this and see that opportunity for research dollars to advance their own personal career as opposed to a campus where there isn't a heck of a lot of activity going on in that area.

Chapman Absolutely, we are working on true partnerships with these companies where they pick up half of the salary of an employee and we pick up the other half.

Rep. Wald You mentioned intellectual property. If you develop a new product, a patent or something that is marketable, who owns what share of what?

Chapman We have a formula now. I think the institution holds 30-35% and the company and/or the individual work out the other piece.

Rep. Aarsvold You suggest you use local funding resources for sources for some of those dollars. If those dollars sometime dry up in the future, we have incurred an obligation as an institution to maintain those salaries. Do we have a long term commitment to insure that those dollars will be there?

Chapman The commitment that we have made as a base is a biennial commitment of 2 million. If every dollar we get from research and other enterprises went away, we would have a problem.

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Building a research extensive university is a very complex thing. The other four universities that I have had the privilege of being associated with, the average of the salary base was about 20%, and we are not there yet. We actually distributed that 2 million dollars across the campus, but it could not go back in the proportion to which it was generated by the institution. It had to go back and literally serve the entire institution. Our projections are that before 2005 we will be over 100 million dollar research enterprise. In terms of actual research enterprise, we will be well into the top 200 research universities at that time. I don't see anything on the horizon that would jeopardize us in that.

Rep. Aarsvold You mentioned the new doctoral programs and you identify criminal justice as one of those new programs. As I understand it, we do have another program operating in the state currently.

Chapman Not a doctoral program. We had the first doctoral program. UND also has one now, which is great. The one thing about all of these things is that we are not competing in state. If we start thinking that we are competing in state we are in big trouble.

Rep. Aarsvold Would it not be beneficial to have at least distinctive programs, maybe both criminal justice. Are there features that would complement each other?

Chapman The program at UND and NDSU are in fact different. We have a joint Ph.D. in history program which is a true joint program between UND and NDSU. If there is a case where there are the same programs and we have the chance to put them together, we will do that.

Rep. Brusegaard You talked about the joint program in American History, is that an actual joint department where they would share department head costs and administrative costs?

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Chapman No, it is just the sharing of faculty resources. It would be pretty hard to have a department head in one institution and not at the other. Both have well developed undergraduate and masters programs so it was an opportunity to create something where they work together.

Rep. Brusegaard So it is more shared of course offerings?

Chapman They actually share committees, so you might have a chair of a committee at UND and faculty members from NDSU on that committee.

Rep. Wald You are the home office for experiment stations and as you know, we have a good station in Dickinson. On the drawing board is a new office building and classroom, it's a million four hundred thousand. If my recollection is correct, most of that is going to be oil revenue. Does that have your blessing?

Chapman In fact, we have a number of important programs in Ag with Dickinson. We have a joint Ag degree there. We also have an initiative that we are working on with Senator Dorgan to bring a jointly funded grant to NDSU and Dickinson in the area of bioterrorism and food safety. That facility would help house that program. Yes, we would really like to see that happen.

Rep. Wald Are you still convinced division 1 is the way to go?

Chapman Yes, that has been a very important thing for us and we are getting tremendous support. There was a lot of excitement about NDSU at the NCAA meetings. If measure 39 passes, which it is anticipated it will, they will begin to systematically remove scholarships from athletics in division 2.

Rep. Wald Is that all sports?

Chapman That would be all sports, football in particular. Right now they have ceilings on how many they want to lower.

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Rep. Bruegaard On a scale of 1 to 10, how comfortable are you with the new proposed system through the round tables of the chancellor's office?

Chapman My understanding is that it would follow the funding formula that we agreed on for the distribution of the resources. If it would follow that formula I would be supportive of that.

Chairman Martinson adjourned the hearing on HB 1003 concerning NDSU's budget.

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1003

House Appropriations Committee
Education and Environment Division

☐ Check here for Conference Committee

Hearing Date January 14, 2003

Tape Number	Side A	Side B	Meter #
2		X	

Committee Clerk Signature Celeste Keller

Minutes:

Chairman Martinson called the hearing on HB 1003, Lake Region State College's budget to order. All members of the committee were present with the exception of Representative Monson.

Sharon Etemad President of Lake Region State College, provided prepared testimony in support of HB 1003. She discussed the overview of the college and budget requests.

Chairman Martinson Have you put in your testimony how you will find additional money if you only get your base budget?

Etemad Yes, I don't know if it is in the handout, but I did bring it along. We have looked at some options. One would be to institute a 21% tuition increase, which doesn't seem very feasible. We could reduce that $40,000 in the extraordinary repair and have a 19% tuition

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increase, or we would have to look at program cuts for $173,000. We have some hard decisions ahead of us, especially on where we are going to go with programs.

Chairman Martinson requested she leave a copy of information regarding how Lake Region State College will find additional money if they only get the base budget.

Etemad Request noted.

Rep. Wald I am looking at the budget book and your FTE strength is 41.34% and your budget request is 36.85, what happened between your request and what the executive recommendation is?

Etemad What we looked at was a request based on the needs based budget and they gave us on the hold even budget.

Rep. Wald You have had no change in that since the 99-01?

Etemad Right. Actually what we did get in this past session because of the long term finance plan has helped us. We have depended on tuition. When we did a long term financing plan, that was there. And so we received some new dollars through that which has been very helpful. We received $75,000 for that.

Rep. Wald Given your long term unfilled positions?

Etemad No, we have been very fortunate. We are finding that the pool is a lot smaller than it used to be.

Rep. Wald How much discretion do you have in tuition increases?

Etemad The board has given us a lot of leeway now, however, we are still constrained by our competition and what we think the affordability level is.

Rep. Wald You don't have to be what Williston is?

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Etemad No, we have a lot more flexibility with that. We appreciate that. We can look at doing some tuition waivers. We have very few out of state students, so we are looking at ways to try and increase that with some waivers so we can build a little bit more, like on our Canadian enrollment.

Rep. Aarsvold What has been your experience with transferring duel credit classes that are taught by adjunct faculty when they go on to a four year program?

Etemad We are in the process of taking a good look. We want to make sure we are doing quality because it is an important program for us. So far we have had good transferability and we are going to be following those students to see how well they are doing. For the most part I think it will be pretty good because the way we limit it, students have to have a B average in order to take a duel credit class, so you are already getting selective about who can be involved.

Rep. Aarsvold The 16.8% increase in health insurance that you budgeted for will change to 20%. Where did you get the 16.8% to base your initial budget on?

Etemad That was what was projected at the time we were organizing our budgets.

Chairman Martinson adjourned the hearing on HB 1003, Lake Region State College's budget.

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1003

House Appropriations Committee
Education and Environment Division

☐ Check here for Conference Committee

Hearing Date January 14, 2003

Tape Number	Side A	Side B	Meter #
2	X	X	
Committee Clerk Signature	Celeste Keller		

Minutes:

Chairman Martinson called the hearing to order on HB 1003, Williston State College's budget.

All members of the committee were present with the exception of Representative Monson.

Joe McCann President of Williston State College, testified in support of HB 1003 and provided prepared testimony.

Brenda Wigness Director of Financial Affairs, testified regarding the budget. See provided testimony.

Dr. McCann testified regarding major capital project requests. Refer to prepared testimony.

Rep. Wald In your cornerstone you talked about training in the oil patch, what kind of stuff do you do?

Dr. McCann Most of it is safety training. That is a big issue in the oil patch. We normally don't have the expertise here in North Dakota so we've had people from the Gulf Coast region

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and from the west coast to come in and do that training for us. In workforce training we get the trainer from where ever we need to in order to provide the kind of training that is required.

Rep. Wald You don't do the whole stuff do you?

Dr. McCann If the business wants that, we tackle it. We are pretty much responding to the kinds of training that the business wants us to get into. My experience elsewhere has been you start off with the kind of training that's needed and then as they see that you can perform, the scope of the training will open up as well.

Rep. Wald How far out do you reach?

Dr. McCann I don't have the answer to that. Some of our service companies outside of Williston serve the oil patch in the whole region. From that perspective I think we serve the whole region. If there were training needed down in your area, we can work through the southwest workforce training out of Bismarck that also has a presence in Dickinson.

Rep. Wald You bill them for that service?

Dr. McCann We would cooperate with them so that they would have a stake in it as well. We bill the business for that service.

Chairman Martinson adjourned the hearing on HB 1003, Williston State College's budget, and recessed until 1:30 p.m.

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Education and Environment Division

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Hearing Date January 14, 2003

Tape Number	Side A	Side B	Meter #
3		X	
Committee Clerk Signature	Celeste Keller		

Minutes:

Chairman Martinson called the hearing to order on HB 1003, Upper Great Plains Transportation Institute's budget. All members of the committee were present with the exception of Representative Monson.

Gene Griffin Director of the Upper Great Plains Transportation Institute at North Dakota State University, provided prepared testimony in favor of HB 1003.

Rep. Brusegaard On access to an inter model transport, the legislation is going to be introduced in the Minot area?

Griffin I understand that it probably has been.

Rep. Brusegaard What was your site analysis as far as the best place for it?

Griffin We did look at three sites including Valley City, Cass County and the Minot area. We seem to think that it may be possible for two facilities, they would be very different facilities and serve different purposes. We have found it would be very difficult to take the inter model traffic

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out of the eastern part of the state, also western Minnesota, to get that to move west. That does not mean that there cannot be a facility possibly in the Minot area as well. I don't think we should look to a study to determine where it should be. The state should develop the kinds of legislation which would make the opportunity available to those interested irrespective of where they are in the state.

Rep. Gulleson Regarding your budget, does some of your funding come from DOT?

Griffin Yes, it does. I can't give you an exact number, but I would say this year we will be at about a 3 ½ to 4 million dollar budget. I would say that probably close to $600,000 to $700,000 is coming from North Dakota DOT.

Rep. Gulleson Are you involved in the planning of the transportation surrounding those?

Griffin Yes, we have done quite a bit of work on that, that work has all been published. It is used frequently by people that want to evaluate whether they want to build such a facility, where to locate it, what the economics of building it are and what the economics of drawing that much grain in are.

Rep. Aarsvold Do you have an ongoing relationship with the State Aeronautics Commission with regard to the interaction of surface and air transportation?

Griffin Yes, we do. Gary Ness is on our advisory counsel. We have a close relationship with them. We have done some work for them in the past. We currently don't have a project with them but we are conducting a project looking at market competition. That has been funded through the US Department of Transportation.

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Rep. Wald In looking at your budget, you have a substantial increase in federal funds of 2.6 million and special funds of about $350,000. What is the nature of those special funds and where are you going to use them?

Griffin Some of the special funds are coming from increases in the DOT Sports Center Program. We believe the federal funds increase will be significant increases in the small urban and rural transportation center. We see significant growth in that particular program. We believe there is significant potential for increases in funding in the Agricultural Transport Center from USDA. That is now currently at about 125 and we think that might grow to as high as half a million a year. Also, the Mountain Plains consortium, funded under the University Transportation Centers Program, could possibly grow from $875,000 a year to a high of possibly 3 million or more per year.

Rep. Wald The special fund increase, is that the DOT money that Representative Gulleson asked about?

Griffin I believe so, yes.

Rep. Wald Are there any matches required on these to access federal funds? Your general fund money went down by about $100,000 if I understand this right.

Griffin Yes there is. It is going to make it a bit of a hill to climb.

Chairman Martinson closed the hearing on HB 1003 and adjourned until 8:30 a.m. tomorrow.

After the hearing adjourned, sub-committees were decided as follows:

HB 1003, Higher Education - Rep. Martinson, Rep. Wald, and Rep. Aarsvold.

HB 1020, Vocational and Technical Education- Rep. Monson, Rep. Rennerfeldt, and Rep. Gulleson.

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HB 1021, Extension - Rep. Brusegaard, Rep. Wald, Rep. Rennerfeldt, and Rep. Gulleson.

HB 1009, State Fair Association - Rep. Martinson, Rep. Monson, and Rep. Aarsvold.

HB 1017, Job Service North Dakota - Rep. Wald, Rep. Brusegaard, and Rep. Gulleson.

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1003

House Appropriations Committee
Education and Environment Division

☐ Check here for Conference Committee

Hearing Date January 14, 2003

Tape Number	Side A	Side B	Meter #
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Committee Clerk Signature	Celeste Keller		

Minutes:

Chairman Martinson called the hearing to order on HB 1003, Forest Service's budget. All members of the committee were present with the exception of Representative Monson.

Larry Kotchman State Forester, testified in support of HB 1003 and provided prepared testimony used as a basic guide in going through his presentation.

Rep. Aarsvold What impact does the extreme weather conditions have on the state forests?

Kotchman Yes, there are a number of effects. We have been in a long standing drought situation in many parts of our state which has put a lot of stress on both urban and rural trees. We see increase insect and disease problems as a result of that. Likewise, in some parts of the state around Devils Lake and in the far Northeastern part we have had excessive rains. The only place that we have really had a problem is around Devils Lake with the actual flooding and the mortality that has been associated with that. The excessive rains in the Northeast did not do any

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damage. In fact, probably this fall they helped trees as they went into the winter season. Our recent worry is with the lack of snow conditions. The protection that trees have when they are under snow is a favorable condition.

Rep. Wald In the western part of the state, the shelter belts are just dying left and right. Is there anything that you are doing to help these farmers with these shelter belts that are disappearing?

Kotchman Yes, we have a number of programs that help them and yes, there are significant losses of windbreaks out there. North Dakota was a leader in planting windbreaks and shelter belts during the 50's, 60's and 70's and we have a tremendous infrastructure that protects our agricultural systems with tree plantings and windbreaks. For many of those places, 40 or 50 years is a life expectancy and so we are heading toward the end of that and these belts need to be renovated and replaced. There is a number of programs that we have offered in the past and will continue to offer in the future that cost share up to 75% for a landov er to get involved with windbreak renovation, meaning the removal and replacement of those tree rows.

Rep. Wald Do they apply for those grants through your office?

Kotchman Yes. The best contact is with the local soil conservation district. That is where they go to sign up and we have a cooperative arrangement with the district and work closely with them. Those things to be funded come to our office and our field offices for technical assistance in the way of plans and preparation.

Rep. Wald Removal can get pretty spendy can't it?

Kotchman Yes, it can.

Chairman Martinson closed the hearing on HB 1003, Forest Service's budget.

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House Appropriations Committee
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Hearing Date January 15, 2002

Tape Number	Side A	Side B	Meter #
1	X		
Committee Clerk Signature	Celeste Keller		

Minutes:

Chairman Martinson opened the hearing on HB 1003, Valley City State University's budget.

All members of the committee were present with the exception of Representative Monson.

Ellen Chaffee President of Valley City State University, provided prepared testimony in support of HB 1003 and discussed developments at VCSU.

Bill Ament Valley City State University's comptroller, testified regarding Valley City State University's budget and capital project information according to his prepared testimony.

Rep. Wald How much would the Residence Hall remodeling project cost?

Ament 3.3 million.

Rep. Wald That would all be advertised with the student dorm fees?

Ament Right. That would be a 35 year loan and the dorm fees would pay that. We looked at both renovation and new construction. New construction with a wood structure and a brick

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veneer is about 4.5 million dollars. A standard concrete construction with brick is about 6 million dollars. The renovation was a lot cheaper to do. The building is structured so that we can do the renovation without doing any major things to the building for structural purposes. The building itself is in pretty good shape. That building was built in 1966.

Annie DeKrey Senior education major at VCSU provided written testimony in favor of HB 1003. Her testimony regarded student satisfaction at VCSU.

Larry Robinson State Senator from District 24 and the current director of University Advancement at VCSU, testified in favor of HB 1003.

Rep. Wald introduced the newest member of the State Board of Higher Education, Pam Kostelecky, from Dickinson.

Vice Chairman Bruseggard closed the hearing on VCSU and recessed until 9:30 a.m.

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BILL/RESOLUTION NO. 1003

House Appropriations Committee
Education and Environment Division

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Hearing Date January 15, 2003

Tape Number	Side A	Side B	Meter #
1	X	X	
Committee Clerk Signature	Celeste Keller		

Minutes:

Chairman Martinson opened the hearing on HB 1003, Mayville State University's budget. All members of the committee were present with the exception of Representative Monson.

Paul Olscamp Interim President of Mayville State University, presented prepared testimony in support of HB 1003.

Chairman Martinson With regards to the Traill County Technology Center and the people that came to the technology center from New York City to help you develop business opportunities in the area. Are they still there, and how are they doing?

Olscamp They are doing very well. They still come to the center. They moved into a building in Portland.

Rep. Brusegaard You said you were going to start offering graduate course work in library science?

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Olscamp We made that request.

Rep. Brusegaard What kind of resources does it take to start a graduate level program at a university? Are you going to need a new college of graduate studies complete with dean and departments heads?

Olscamp We would do it with what we've got now.

Rep. Brusegaard Is it the intention to sooner or later expand to offering more than one graduate course in one specific area in becoming a graduate institution?

Olscamp I don't think so. I don't think Mayville has the resources to become a graduate institution. I have heard no discussion of that whatsoever. I am not going to propose anything like that. I don't think it would have a chance to be practical at the board level either.

Rep. Wald In your Mayville budget, it says interim president, will you explain that?

Olscamp I have been a president for more than 22 years at various institutions and I was retired. When the decision was made to hire a separate president for Mayville and Valley City campuses, they wanted to take the time to choose a new president and I was asked to serve until July 1, 2003 as the interim president until they find a new one.

Chairman Martinson On campus operations hold even budget, you have maintain 02-03 salary increases of 2%. Wasn't that allowed in your base budget?

Olscamp The 2% was allowed for the first year of the biennium but not for the second year. Is that right Steve?

Steve Benson The base has not changed. The money we currently have includes the first year but not the second year. We will have that additional cost twice.

Chairman Martinson Chancellor Isaak, the campuses are treated the same?

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Chancellor Isaak Yes.

Chairman Martinson I don't recall any of the other campuses needing additional funding just to maintain the current salary levels.

Chancellor Isaak They all would. The governor recommended a flat dollar budget. Every campus gave a salary increase this year, the second year of this biennium. If, for example, the salary increase was $100 for this year, to maintain that salary increase next biennium, you need that for two years. There is $100 in this biennium's base. Next biennium you will need $200. You need that for two years. If it is a flat dollar amount, there is only $100 there.

Chairman Martinson I think Ken and I misunderstood that. They all need additional money just to maintain, not necessarily to increase?

Chancellor Isaak That is correct. It is something like 2 to 3 million dollars just to maintain that.

Chairman Martinson So you are saying if we just had an absolute hold even budget, there would have to be a decrease in the salaries, unless they found the money?

Chancellor Isaak You would have to cut somewhere internally or raise more revenue.

Chairman Martinson closed the hearing on Mayville State's budget and recessed until 10:30 a.m.

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House Appropriations Committee
Education and Environment Division

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Hearing Date January 15, 2003

Tape Number	Side A	Side B	Meter #
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2	X		

Committee Clerk Signature Celeste Keller

Minutes:

Chairman Martinson called the hearing to order on HB 1003 with Bismarck State College's budget. All members of the committee were present with the exception of Representative Monson.

Donna Thigpen President of Bismarck State College, testified in favor of HB 1003 and provided prepared testimony.

Chairman Martinson How do you know that the person taking the class on-line is really the person that is doing the work?

Thigpen I don't. I don't know when you are sitting in the classroom when we have large classes either. We have people sign up the same way, by using their social security number to document their enrollment. The whole registration process is the same as it is on campus. For the most part, the bill is being paid by the company and so it is an employee of the company that is taking

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the energy program. That has been a concern for on-line education across the country and faculty have worked hard trying to figure out how to do that so it doesn't happen.

Rep. Aarsvold Is the criminal justice program strictly on-line or do you have an on campus component as well?

Thigpen We have an on campus component as well. We have an agreement with Minot, the first two years is an associate degree in criminal justice and we have just added an AA degree.

Rep. Aarsvold Where is the law enforcement training center housed?

Thigpen It is on the corner of our campus, but it is a separate entity. They lease their parking from us.

Rep. Aarsvold How does that compare to your regular program? Do we have an overlapping situation and shared faculty?

Thigpen We don't share faculty. The law enforcement center really runs their own operation. It is my understanding it is run by the highway patrol. It is a totally separate operation so I don't know enough to answer many questions about it.

Dave Clark I wanted to add comments with regards to the on-line energy programs. I can tell you that we utilize test banks. So when multiple students from the same energy company are taking their test, they are not taking the same test. The utilization of test banks helps so that if they are sitting side by side they are not writing the same test. Our faculty would tell you that the testing part of the equation is just a small part of the overall grade they are going to achieve. They are required to do numerous assignments that demonstrates that their knowledge and learning is taking place. There are ways to indicate that that student is really learning.

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Chairman Martinson My question wasn't that so much as if somebody could sit down at the computer and say they are someone else, take the course and the other person gets the degree.

Clark The person would have to do that for the entire term.

Thigpen We would hope that person would get caught, as when he went to work on the job he wouldn't have the skills that he needed.

Dave Clark Vice President of Operations and Corporate and Continuing Education, presented prepared testimony and testified in favor of HB 1003. Mr. Clark went through the status of Bismarck State College's budget.

Rep. Brusegaard For this biennium we appropriated increased funds for a salary increase for the first year. The second year we authorized a salary increase but asked you to find the funds within your own budget, which you did. So that money is there, in the budget?

Clark For one year.

Rep. Brusegaard If you found the money again for the second year, that money is in your budget?

Clark Right, but that expense is only there for one year this biennium. It will be there for two years next biennium. We have to find that similar amount that we found in this current biennium next biennium.

Rep. Brusegaard Where did you find the money in your budget to fund that second year?

Clark We utilized an internal plan where we are trying to reallocate dollars to salary increases. It is savings that were approved in our budgetary process but the second year's increase, that additional cost of $117,000 the second year of the biennium, is in place two years next biennium.

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That requires us to find that amount for two years next biennium as opposed to one year this biennium.

Rep. Brusegaard The savings you found to fund that second year of this biennium, were those one time savings that you can't access again?

Clark No. It is an amount less than what we would need next biennium.

Chairman Martinson asked for more clarification on this issue.

Clark Request noted.

Chairman Martinson When you get a grant, do you actually get the check that you can put in the bank and keep or is that contingent on other funding?

Clark My understanding is the money has been earmarked for the project. These funds are preferred to be utilized for the developmental work or the up front type of work that occurs in these projects. It is earmarked for the construction project and it is cash that we would receive.

Chairman Martinson If you didn't receive your 1.5 this session, because these things take awhile to develop, you wouldn't lose that money?

Clark Correct. My understanding is if you do receive the appropriation, they like you to utilize the funds within a specified period of time. I can't tell you exactly what that time frame is.

Donna Thigpen Our understanding with this is that the part of the project they like to fund is the site preparation. It is a preliminary part of the project where they can come in and do the foundation work. They would work with us over a multi-year period. There is criteria for this grant. The last piece in place for us meeting that criteria was the City of Bismarck giving us the land. We have been given tremendous encouragement from the congressional office and from

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the people in the regional office that this is the type of project that they want to fund and they have encouraged us to move forward to the full proposal.

Chairman Martinson The National Guard was going to build on that property and they did not because of the soil tests.

Thigpen There are some issues with that. If we get into this and find out that the land is not suitable to build on, we will negotiate to be able to flip flop the uses of that land.

Chairman Martinson If that were the only money that you received, would they allow you to spend that on site preparation without any commitment that the other money is coming in?

Clark The earliest point in time which we would undertake this project is probably two years out. We would know at that point in time whether the fund drive has been successful.

Rep. Aarsvold On page 28, you mention concern about sustaining currently funded students under the state Student Grant Program. I am not acquainted with the details of that. Is there a danger that we would not be able to fund those folks that we have committed to in the past?

Clark That was part of the university system overview request and I think that Larry would be the best one to answer this.

Chancellor Isaak In the information we presented to you in the overview, in HB 1003, there is a line item for student grants of 6.9 million. That largest amount in there is for the state based paid grant program for students of $600 per year. We provide about 2,400 grants per year there. Another large amount in there is for the Professional Student Exchange Program, the grants for veterinary, dentists and optometrists going to school out of state. Another part of that is the State Scholars Program which provides tuition scholarship. We have been funding about 45 -50 per year. In addition, the money is in there for 3 new programs that the last legislature enacted.

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When we analyze that amount of 6.9 million, we project that's about a million short of continuing the same level of awarding that's going on this year for all of those programs. If the legislature appropriated that 6.9 million in one line item, what would you do? If we take just what's happening this year we would be able to continue to fund the same level of awards for the $600 grant. We would have to cut back 3 in the Professional Student Exchange Program. We would have to reduce the State Scholars Program in about half the number of awards. We could continue awarding at the same level in technology. There wouldn't be enough money to continue any new awards in the Teacher Loan Forgiveness Program.

Donna Thigpen Discussed accomplishments outlined in her prepared testimony.

Rep. Wald Dave, maybe you can answer this. You say that your health insurance increase is 16.84%. As we review all of these colleges, they are all different. Why would yours be different from NDSU, UND or Minot?

Clark When we built the needs based budget request, the anticipation at that time was that health insurance premiums were going to increase about 16.8%. When the governor built his budget recommendation, which was at a later point in time where they had more information, the actual increase in the health insurance premium that was built into the budget was a little over 20%. Those percentages should be the same on all the campuses. These are the numbers that were built into the budget request and then subsequently built into the governor's recommendation.

Chairman Martinson closed the hearing on HB 1003 and adjourned until 8:30 a.m. tomorrow.

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1003

House Appropriations Committee
Education and Environment Division

☐ Check here for Conference Committee

Hearing Date January 16, 2003

Tape Number	Side A	Side B	Meter #
1	X	X	
2	X	X	

Committee Clerk Signature Celeste Keller

Minutes:

Chairman Martinson opened the hearing on HB 1003, University System Office. All members of the committee were present.

Chancellor Larry Isaak Gave an overview of the speakers.

Nancy Kopp Represents North Dakota Optometric Association and the North Dakota Veterinary Medical Association. She provided written testimony in support of the portion of HB 1003 that provides funding for the Professional Student Exchange Program.

Kirk Johnson Veterinary practitioner in Mandan and previous benefactor of the Professional Student Exchange Program, testified in support of the portion of HB 1003 that provides funding for the Professional Student Exchange Program and asked for the continued support of this program.

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Rep. Aarsvold I was told that part of the problem of veterinary medicine is the extreme selectivity of veterinarian programs to accept applicants. Is there anything to that?

Johnson There is no specific selection. I have talked to professors at veterinary schools and there is no selection going into specific criteria. Currently, over 80% of the graduating students coming out are going into pretty strict companion animal medicine. About 10% into government or industry and about 10% into large animal medicine.

Dr. Charlie Stoctenow Represents NDSU and the North Dakota Veterinary Medical Association, testified in favor of the portion of HB 1003 that provides funding for the Professional Student Exchange Program and asked for the continued support of this program. In response to Rep. Aarsvold's question, the profession of veterinary medicine is critically looking at the selection criteria for students into veterinary school. Historically it has been primarily on grade point, so you have students that are very intelligent. What we are finding that we need in all professions are those students who have the character traits. Veterinary schools are looking strongly at changing their selection process.

Rep. Wald What schools are we sending the vet students to?

Stoctenow I would have to defer to Nancy on the specifics of that. I know that we have a contract with Iowa.

Nancy Kopp Most of them are going to Iowa. Some are in Colorado and we also have a reciprocity agreement with the University of Minnesota.

Rep. Wald Basically those 3 colleges.

Kopp Right.

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Joe Cichy Represents the North Dakota Dental Association and testified in favor of the portion of HB 1003 that provides funding for the Professional Student Exchange Program and asked for the continued support of this program. Please see prepared testimony.

Rep. Aarsvold Are there salary issues that might play into someone coming back to North Dakota? Do other states tend to pay better than we in terms of attracting dentists?

Cichy In metropolitan areas the pay is better. I think the pay for North Dakota dentists is very good. I think that that is not a factor in getting them back to the state. I think what we and the legislature is trying to do is get them into the more rural areas of the state.

Wade Moser Testified on behalf of the Stockman's Association in support of the portion of HB 1003 that provides funding for the Professional Student Exchange Program and asked for continued support of this program. Please see handout of resolutions passed on availability of food animal veterinarian graduates and the professional student exchange program at their last convention.

To address Rep. Aarsvold's questions, we do think there is a problem with the admissions set by some of these schools. We are going to be in contact with these vet schools to see if they can look at different criteria other than the grade point, which seems to be the criteria.

Rep. Wald Does the Stockman's Association offer a scholarship program for veterinarian students?

Moser We used to have that, but we discontinued that about 3 years ago. We would like to find a way to reactivate that.

Rep. Wald In our area, a number of small practices is usually a one person operation, and they just leave the countryside. I understand your problem.

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Moser It is very tough for one veterinarian to practice alone. I think the demands on them are so great that it is a quick and hard burnout process. If they don't have some help, they won't last very long.

Chairman Martinson acknowledged that we are very fortunate to have these programs.

Laura Glatt Provided prepared testimony in support of HB 1003. She discussed the state grant program and other financial aid programs.

Chairman Martinson Your budget does not indicate any money from Minnesota reciprocity.

Glatt That is correct. The Minnesota students attending North Dakota institutions are actually paying for the variable cost of education through their tuition which goes directly to the campuses, so the state of Minnesota is not subsidizing that any longer.

Chairman Martinson Go back to your budget breakout, you are saying the $6,624,000 would be the state grant program. I thought you said that 3.2 of that was from Minnesota?

Glatt What you see in column 2, that 6.6 million you are referring to is the appropriation authorization this biennium. If you go above that you will see the 3.2 million you are referring to which is other funds, $3,247,074. We anticipate a continuation of Minnesota reciprocity at that level. You authorized the acceptance and receipt of that money. We received some, but not all of that 3.2 million. It was because Minnesota has been increasing their tuition rates so rapidly the last two academic years. Even though we had the authority to spend it, we couldn't because there was no revenue.

Chairman Martinson At the top it says the recommendations of 2003-2005.

Glatt That is mainly related to column 1, the block grant total. What we tried to do in columns 2 through 6 is give you some indication of how that has been broken out by program in the past.

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Chairman Martinson How much of the 8.458 are you going to set aside for the state grant program?

Glatt Our board has had no discussion on the allocation of the funding in that student block grant program at this time. I will go over with you later in the presentation a schedule that outlines some of the problems we are going to run into in that block grant in terms of sustaining the same number of awards in each of those programs. There is about a million dollar shortfall in order to sustain the same level of awards as we are making this biennium.

Chairman Martinson Why don't you do that now, if you are done with this part, because I think that is important to the people who are interested in this area.

Glatt Request noted. She refers committee to the budget priorities (pink sheets) in the prepared testimony.

Chairman Martinson What dollar amount is that?

Glatt $3,054,000 from a combination of general fund and some federal funds. We anticipate getting $200,000 in federal funds if we can meet our maintenance of effort requirement.

Glatt I can finish going through the table in detail or wait until we go through the explanation of the programs and come back to that.

Chairman Martinson As long as we are here, and also give us the dollar amounts on each category.

Glatt Request noted.

Rep. Brusegaard What's the total dollar amount on the 12 per year?

Glatt I am going to have to recalculate the 12. I have the amount for the 16, but not the 12.

Rep. Monson What's the 15 and we can subtract the 105?

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Glatt The 15 per year is a little over 1.8 million.

Rep. Gulleson I would like to see a breakdown of those 15 as to which ones of those professions, if it was veterinary, dental.

Glatt That is another part of my testimony and we will get to that.

Rep. Wald On page 3 of section 8 under Indian Scholarships, you show 85 students receiving awards and on page 2 of the pink sheet you show 145. The two do not add up, unless we are talking about different programs.

Glatt Those are two different programs. The State Grant Program is the very first line on that pink sheet. For the State Grant Program, of the 2,545 awards we made in the second year of the 01-03 biennium, 85 of those went to the tribal colleges. The Indian Scholarship Program is a whole separate program that goes to strictly Native American students.

Rep. Wald At the tribal colleges?

Glatt Not necessarily, they can use it at any college within the state of North Dakota. It is based upon academic achievement and financial need. There is criteria related to them being at least partially Native American.

Rep. Brusegaard Is there also a provision and code for tuition waivers for Native American students?

Glatt There isn't in code, but our board has a policy on cultural diversity waivers that allows the institutions to provide them. Many of those go to Native American scholarships.

Chairman Martinson How much did you say the teacher shortage was to continue?

Glatt The teacher shortage was $310,000.

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Rep. Monson Can you explain more on how the maintenance of effort works or doesn't work and how we do and don't meet it?

Glatt On the state grant program, what the maintenance of effort on federal funds requires is that it looks at our last 3 years of expenditures from nonfederal sources. You need to be able to spend more than that in the next biennium in order to retain your federal funds.

Rep. Monson When you say at least that amount, is that across the whole board or is that just in these programs?

Glatt It is only 1 program. It is only the first program on this sheet, the state grant program, which is the $600 grant to students based upon financial need.

Rep. Monson Wouldn't you try to maximize that as best you can?

Glatt Certainly, that is important criteria to have in place when the board has a discussion about the allocation of funding between these programs. They are going to have to take that into consideration. The federal funding available for this program has been declining over the years. At this point we are talking about potentially $200,000 over the course of the next biennium if we meet that maintenance of effort requirement.

Rep. Monson If no dollars are coming from Minnesota, are you planning to do any awards of dollars and how does that work? From previous discussions, we are expecting no dollars from there, so are we going to discontinue that program or how does that work?

Glatt No, certainly we have no intention of discontinuing Minnesota reciprocity. The Minnesota reciprocity agreement is really the agreement that provides North Dakota students going to Minnesota a reduced tuition rate. Whether we receive a payment from Minnesota or not, we certainly don't want to take that option away from North Dakota residents, especially for

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those programs we don't offer here in the state. The agreement goes on to assume that there is a 1 to 1 student exchange across the border, which there isn't. We still receive a few more students from Minnesota than we send them. For every student beyond that break even exchange point, the other state has to pay the receiving state for the variable cost of education. Combined between the student and the state of Minnesota, they have been paying that variable cost of education. What has happened because of significant tuition rate increases in Minnesota, is since the Minnesota student coming here pays the Minnesota rate, they are paying more to our campuses at the time they pay their tuition bill, so they are essentially paying for that variable cost of education.

Rep. Monson I really wasn't asking about the reciprocity, I was wondering about the dollar amounts. We get no money back in, but we in turn will not be spending any money either for this, so there is no cost if we just don't have the revenue coming in, is that right?

Glatt Yes. Essentially we will be able to provide fewer state grants and fewer scholarships. When we got that payment from Minnesota, part of the funding went to the State Grant Program, part of it went to the scholars. If it is not there and if the general fund does not pick up the difference then we make fewer awards.

Chairman Martinson I read in your last news letter you were looking to increase those grants from $600 to $1,000, is that no longer something you are interested in?

Glatt Our board did introduce legislation this session that would permit them to increase the amount from $600 to $1,000. It is permissive language. My guess is, if the program does not receive any increased funding, it is unlikely that the board will move to increase it. As soon as funding should become available, that is an option.

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Chairman Martinson Is that in the Senate or the House?

Glatt As I recall, it is a House bill.

Chairman Martinson As a for instance, the private institutions would just assume keep it at $600 to have an opportunity to award more grants, is there that flexibility in there?

Glatt Certainly. The final decision on the amount of the grant according to the legislation would rest with the board, however there is a statutory advisory committee. I would think that the board would look to that advisory committee for a recommendation on whether or not to increase the amount or whether or not there is the ability to vary it by type of institution.

Chancellor Isaak I did ask the private colleges that question when the board introduced the legislation. If there was no new money in the state grant program, what would be your preference? They said hold it at $600 so that the same number of awards would continue to be awarded rather than reducing the number of awards. In terms of amendments, I think we still want to have permissive authority. In this bill, if something changes with the Minnesota agreement where all of a sudden Minnesota started paying us some money again, we could start putting it into this program. We will have to take a look at that.

Sister Thomas Welder Testified in favor of the North Dakota State Grant Program. She asked for continued support in this program.

Rep. Aarsvold I am wondering if Trinity at Ellendale is a recipient of some of those grants as well.

Chairman Martinson There is a bill in the Senate regarding the private for profit schools, are you going to oppose that bill?

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Chancellor Isaak The board has not taken a position because we haven't had a board meeting since that was introduced. The way the bill was drafted, the draft would have permitted those schools to come under the old tuition assistance grant program that went to the University of Mary, Jamestown, and Trinity. I don't think that is what the sponsors intended. I think that the sponsors intended that private for profit schools would be able to get grants from the State Grant Program. I don't know if amendments have been drafted to that effect.

Dick Kunkel Vice President of the State Board of Higher Education. See prepared testimony.

Chairman Martinson We did hear about the budget for the Centers of Excellence Program, but we didn't hear anything about it, is someone from your office going to explain what that means?

Kunkel Yes.

Rep. Gulleson What is your long term plan regarding the funding for EPSCOR and the Centers of Excellence?

Kunkel I think at this point nothing has been done and Larry may want to comment on this later. The board, at this point, has not come up with the full plan on how that is going to be done.

Chancellor Isaak The student loan trust fund provides funding. The EPSCOR program has spawned a lot of research. The EPSCOR director will go through that with you. A concern is how long will that source of funding be there. I don't have the answer to that question. On the Centers of Excellence program, no specific legislation has been introduced. The bill provides that the board would develop the criteria and allocate those dollars. There is some confusion as to what the governor intended. I believe his intention was broad participation, but the bar would be set very high for allocation.

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Rep. Aarsvold Some of us are concerned about the future of the Student Loan Trust Fund and the inevitability of that source drying up in terms of being appropriated for other purposes and its original intention. What is your and the board's position?

Chancellor Isaak The board has said it supports the governors budget at a minimum. Our concern is that there is a source of funding there for those programs. The board does not have any control over the source of funds for those programs, you have that control in terms of the source of funds. We are concerned about how long the source of funds can sustain those programs and what happens when that source is no longer there. I don't know how long that will be.

Laura Glatt Continued to discuss the budget.

Chairman Martinson Is the 2.9 million the only money that you have not allocated at least on paper, to the schools?

Glatt No, actually the 2.9 million and the 6.9 million. The board has made no decision over the allocation of those. The 6.9 million will have to go back to the 11 institutions to allow them to maintain their facilities. The 2.9 million is to be used for major capital projects which are usually million dollar renovation or addition projects.

Chairman Martinson Your columns on the extra-ordinary repairs, those are just requests?

Glatt Column 7 of that schedule is actually the current biennium's appropriation. Column 4 is our request, and column 1 is the executive recommendation.

Speaker Wentz Go back to line 16 and the detail that you have on the board initiative block grant status. At the bottom there is executive compensation FY03, could you tell me more about that?

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Glatt The board put in place a new policy that provides executive compensation to the presidents. The purpose of it was to improve retention of our presidents. It essentially provides them a payment for remaining with the university system. The amount and timing of the payment is based upon how long they stay with the university system. If they remain with the university system 6 years, they are eligible for an additional payment at the time they retire from the university system.

Rep. Wald Isn't that an invitation for a president to say, I'm looking around but I understand you have some money floating around to keep me here?

Glatt One of the purposes is to retain the presidents. If we have a president that should not be with us, certainly they can still be dismissed for cause, but what we are trying to do is retain our good presidents and keep them in the system.

Rep. Wald Go back to tab17, the dues that we pay to Midwest Higher Education is going up to $181,500. I have been getting that correspondence because I have been appointed to that. Do we really get $181,000 worth of value out of that organization?

Glatt I will get to that later in my presentation.

Rep. Monson Is there any duplication of service? Do we have to belong to both of these?

Glatt The 2 organizations have very different rolls. The WICHE organization (the Western Interstate Commission), which is the western states, has 2 major roles. One is in the area of public policy and the other is administering several student exchange programs. The MHEC organization also offers student exchange programs at reduced rates to North Dakota residents, but they do so in the Midwestern states. MHEC does not work so much in the public policy arena, but they look at working with their member states on administrative cost reduction. In

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terms of MHEC, we do get a very direct cost reduction in our operating costs for those purchasing consortiums in which we participate. The organizations are somewhat different. It allows us to participate in student exchange programs in more states than if we were members of one or the other.

Rep. Aarsvold Does that opportunity go down to the campus level for the purchases of those pieces of equipment?

Glatt Yes. The campuses have the option of participating.

Chairman Martinson recessed the hearing until 10:15 a.m.

Karlene Fine Executive Director and Secretary for the Industrial Commission and the Student Loan Trust Authorized Officer, testified in support of the amendments to Section 16 of HB 1003. Please see prepared testimony.

Chairman Martinson The money might not be there?

Fine The funds will be there now, for the upcoming biennium and probably for one more biennium.

Rep. Monson What do you think is the best way to utilize this?

Fine This is a policy question that is before the legislature of how to utilize the state's various resources and for ongoing programs. The funds that are within the trust are really a decision to be made by the governor and the legislature of how they should be best utilized.

Rep. Wald We have been spending the interest off this student loan trust fund in previous bienniums, correct me if I am wrong.

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Fine Last biennium the legislature authorized a transfer of 9 million dollars from the trust to the general fund which is included in the governor's budget. It is a little bit more than what our income was on the trust.

Rep. Wald So it's more than earnings?

Fine Yes.

Rep. Wald So now we are dipping into equity so to speak?

Fine The equity that has been built up because of earnings.

Chairman Martinson So it is interest money.

Fine It is income that we get. It is the interest and payments we received from the federal government with our student loan program. We do get an income source from the federal government because of the bonds that we hold. It isn't purely interest, it's earnings that we have on the trust.

Rep. Wald We have not invaded the federal portion so to speak?

Fine Within the first resolution we hold loans that have a floor rate of 9.5%. The student pays the current rate on the loan, the federal government pays us the difference between what the student pays up to the 9.5% yield. We want to continue to be able to do that and do not want to have to liquidate that first resolution to provide those funds. A bill will come through that will allow us to continue to maximize our income off of that resolution.

Rep. Wald Does the federal government put any restrictions on using funds for purposes other than what it is being looked at in terms of what is in the governor's budget this coming biennium?

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Fine The student loan funds are restricted and there are some stipulations of how it is utilized within the bond resolution. We can get a waiver or a consent from the bond holders if we use it for other than those purposes, which is outlined on the top of page 3.

Rep. Monson How many years did it take us to build up this 27 million?

Fine We issued our first bond series in 1979. The tax law changed in 1993, and we have not earned at the level we did prior to that date. The most favorable conditions were from 1979 to 1993.

Laura Glatt Continued to discuss the budget.

Rep. Wald Does every state pay the same dues? Is it based on population or flat fee?

Glatt I believe every state pays a flat amount.

Rep. Wald So we pay the same as Illinois with ten times the population.

Glatt That is correct.

Rep. Wald Are those fees negotiable?

Glatt The chancellor would have the answer.

Chancellor Isaak The flat rate is set by the commission. The charter membership for MICHE is in state statute. The commission sets the rate of the fees and the commission's decision is the flat fee, the commission is 5 members from every state.

Rep. Wald So you pay it all or you are suspended?

Chancellor Isaak That is right. If you want to get out, you have to give a year or two notice.

Rep. Aarsvold I noticed that Iowa is absent from both the organizations. Are you acquainted with the history of that?

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Chancellor Isaak As I understand it, Iowa is not a member. If they were going to be a member of one, it would probably be MICHE. They have chosen not to be a member in MICHE even though they would be eligible.

Rep. Aarsvold We had a relationship on the professional student exchange with Iowa, that is negotiated separately with that state?

Chancellor Isaak That is correct.

Glatt Continued her presentation.

Rep. Monson We work out something with Iowa even though they are not a member. How does the deal we work out with Iowa compare?

Glatt I will get to that later in my testimony on the Professional Student Exchange Program. That is a separate contract agreement with Iowa State University for educating veterinary medicine students.

Chairman Martinson We are interested in the amount of money that you need for yourself to do the work versus what you actually pay to other state agencies to do it for you. Some of the budgets that we are paying the ITD department are quite high.

Glatt I will get to that later in the schedule. In terms of the 11 campuses, they really don't buy services from ITD outside of their payments. Our office uses ITD mainly for administration of our grant programs.

Chairman Martinson Other than that, you don't pay for ITD?

Glatt No.

Rep. Monson A lot of this looks like one time expenditures. Are some of these done now so we don't have to upgrade them for a little while?

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LaCosta Rickford 9/30/03
Operator's Signature Date

Glatt The largest portion went to base funding operations personnel. For the upgrades, it would be nice to say that those are one time things, but I think all of us know in technology it doesn't work that way. Most of this is not one time funding.

Rep. Wald Is that one of the buildings where the basement was flooded in Fargo? What comprises that amount?

Glatt The disaster payments at UND and NDSU are related to the 97 flooding in Grand Forks and the hard rain at NDSU that resulted in on campus flooding. This is still that same disaster. As the repairs are being made, it still continues to be the 10% match on the FEMA funds. A portion of it is the interest we owe the Bank of North Dakota on the loan. There is some things in there that are items not covered by FEMA.

Rep. Wald What was the total loss to NDSU?

Glatt At NDSU, through June 30, 2003, the total damage was about 19 million.

Rep. Wald And FEMA paid everything but 1.7 at the two locations?

Glatt No, if you recall in previous sessions, you made appropriations on these same projects. This is only this biennium, it doesn't include everything you have already appropriated to date. They had about 19 million in damage. They are saying about 7.5 million of that would come from insurance, FEMA has allowed about 11 million, which leaves the 10% state shared about 1.1 million.

Rep. Aarsvold I recall from the press some litigation progressing with regard to the Fargodome authority and the campus, where is that at?

Glatt I know they have sued the city but I don't know the status.

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LaCosta Rickford 9/30/03
Operator's Signature Date

Rep. Monson Two years ago we were looking at some major repairs to Wahpeton, has that all been taken care of?

Glatt You did appropriate dollars this biennium for major infrastructure repairs at Wahpeton, but that was only a part of it. It is not completed because there is no money in this budget.

Rep. Monson There is still a lot of things to be fixed, are you going to put that off for two years?

Glatt If I recall, that was general fund appropriation that was made to the State College of Science this biennium. In the executive budget, that money was taken out of their budget and reallocated to other purposes. As a result, we have to delay these things two more years. Wahpeton has some major fire safety issues they have to take care of, which will be another costly item to be addressed.

Rep. Monson When is the state of North Dakota going to have to pick up the tab for some of the things to the Ralph Englestad arena?

Glatt As I understand it, when the ownership of that building transfers to the state. Right now it is owned and operated by a separate corporate group. At the time that it is transferred to the state, we would have to pay the operational and ongoing maintenance costs.

Chancellor Isaak I am not sure that that is the case. There is currently a 30 y r lease arrangement. Ralph Englestad, Inc. is the operator. They have to make it flow and the university gets a share of any profits that they make in terms of the athletic department. Discussions are undergoing right now to talk about a transfer of that to a private foundation that would operate and maintain it. I am not sure where that is right now, but there are a lot of discussions.

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LaCosta Richford 9/30/03
Operator's Signature Date

Rep. Wald When Mr. Englestad died, transfer of that property was given to the UND foundation, is that correct?

Chancellor Isaak That has been one of the options that has been discussed but nothing has been finalized.

Rep. Wald So it is still Ralph Englestad, Inc. that owns and manages the property, pays all of the expenses and gets all of the revenue?

Chancellor Isaak Correct.

Rep. Wald So we have no liability at this point?

Chancellor Isaak No.

Laura Glatt Continued her presentation on the budget.

Rep. Wald Rep. Svedjan asked me to get a copy of the Risk Management Pool. When you look at UND and NDSU, there is a dramatic increase in what they are assessing you. Do you have a risk manager or share any of that kind of stuff with another agency? Might it be time that the board office has somebody that will do some of this to cut down some of these increases in assessments that you are paying to the pool?

Glatt We do have a risk management committee in the university system. It is essentially comprised of individual risk managers that have been assigned at each institution and work with our legal counsel to help control some of the things you are talking about. Some of our institutions have implemented risk management programs to try and reduce those rates. The larger institutions have had a better ability to do that than some of the smaller institutions. They are taking steps to address that. I don't think our claims are any higher than anybody else's, it is the nature of what is happening with the pool.

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LaCosta Rickford 9/30/03
Operator's Signature Date

Rep. Wald You are addressing it whether you hire someone full-time or a designated person at a campus?

Glatt Right.

Rep. Aarsvold How much do deferred maintenance programs on the campuses impact our liability with regard to the state insurance plan?

Chancellor Isaak I don't know that I could answer that.

Laura Glatt I think it does to some extent. An example would be uneven basketball floors. We have had injuries as a result of that, due to deferred maintenance and not being able to replace those floors when they need to be.

Glatt Proceeded to review amendments contained in her testimony.

Chairman Martinson Suggested the amendments be discussed in the subcommittee.

Glatt Request noted.

Chancellor Isaak Wrapped up his comments (pink sheets).

Rep. Monson What if there is no money or less money, do you have a plan?

Chancellor Isaak The plan would be tuition increases and reallocations.

Rep. Gulleson I have concerns about the move to two line items, the operations budget and the capital budget. My thoughts are, I agreed with the roundtable concept to a degree but I do think that we really do need to recognize that the legislature still plays a pretty critical roll in looking at how we allocate those funds. In the end we also have to look at the revenue side. You can be thinking about that.

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Mark Sheridan Director of North Dakota EPSCOR program, testified as to what EPSCOR is, why it is important, and how EPSCOR is operated in North Dakota. Please see prepared testimony.

Rep. Monson Looking at the soft economy nationwide that we have had for the last few years, what do you think the prospects are for continued growth? Are we looking at some of these agencies cutting back on their funding as well?

Sheridan I think it is well recognized by congress that even in the times we have economic slowdown, we need to continue to invest in our future by investing in research. The president's budget, and what congress is proposing to appropriate for a variety of agencies continues to increase. Opportunities for North Dakota scientists will continue to exist. We have done so much, but the opportunity to improve is there.

Chairman Martinson closed the hearing on HB 1003 and adjourned until tomorrow at 8:30 a.m.

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1003

House Appropriations Committee
Education and Environment Division

☐ Check here for Conference Committee

Hearing Date February 17, 2003

Tape Number	Side A	Side B	Meter #
1	X		
Committee Clerk Signature	Celeste Keller		

Minutes:

Chairman Martinson opened the hearing on HB 1003, North Dakota University System. All members of the committee were present.

Chairman Martinson You all have the amendments to HB 1003 before you, they are basically the same as I handed out on Friday except the money that we were going to use for the design center, the biotech research in Fargo and the medical school is all lumped into a 2 million dollar line item that the board will be able to give out for grants for research. 1 million dollars was increased in EPSCOR, and that was taken across the board, a decrease on all of the campuses. Roxanne, is that about where we are with this?

Roxanne Woeste, Legislative Council That is correct.

Chairman Martinson Was that about $700,000 across the board? I don't think it was the full million was it? We had about 2.3 in special projects and they only added two back in.

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Woeste It is approximately 1.7 million extra.

Chairman Martinson Additional?

Woeste Right.

Chairman Martinson Why so high?

Woeste I believe we funded the professional liability insurance coverage, that was 1.85 million. To fund that we took an additional across the board cut in the campus operations line item.

Chairman Martinson We had to come up with an extra million for EPSCOR too, where did that come from?

Woeste That comes from the general fund. I believe it was part of the decrease that we took out, the $750,000 from the medical school, the 1 million for the North Dakota State College of Science and so forth.

Chairman Martinson So on Friday you took another 1.7 across the board from the campuses?

Woeste 1.8 million.

Chairman Martinson Does everybody have a pretty good understanding of what we are doing here or would you like Roxanne to give us a brief run down?

Rep. Aarsvold Where, Roxanne, is the language we just talked about with regards to the 1.8 million reduction in the campuses? Is that in the amendments somewhere?

Chairman Martinson It is not language, it is just a decrease in their appropriation.

Rep. Aarsvold Is it reflected in a footnote or not?

Woeste No. Roxanne proceeded to go through the amendments, starting on page 14 of the amendments. **See attached amendments.**

Rep. Wald The $50,000 for Mayville, what is that allocated for?

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Chairman Martinson That is for the project on Old Main, their auditorium.

Woeste Continued on with the run down on the amendments.

Rep. Gulleson Under the column "increases funding for campus operations" on page 15, what are those two for?

Chairman Martinson Under the column "increases funding for campus operations" on page 15, the $50,000 is for a Canadian marketing initiative to the athletic department for the 2005 Junior World Hockey Championships. The $395,000 is to pay the University of North Dakota medical school back for the money that they lost when the Fargo Health Center debt was forgiven.

Woeste Continued on with the run down on the general fund amendments.

Chairman Martinson So we have increased the general fund appropriation to Higher Ed by about 7.9 million dollars?

Woeste That is correct.

Chairman Martinson And that is because we took out all of the student loan trust fund?

Woeste That is correct. We no longer have any appropriations from the student loan trust fund. Instead, we do have a transfer from the student loan trust fund to the general fund. There is a section added to the bill on page 6 of the amendments. The transfer is approximately 13.2 million from the student loan trust to the general fund.

Chairman Martinson Although it will appear that the funding has increased for Higher Ed, we have actually decreased the funding about 5.8 million dollars, haven't we?

Woeste That is correct.

Chairman Martinson The emergency clause has always been in there for that bonding project and those renovation projects on page 13 where it says page 6, that is the original bill.

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Operator's Signature Date

Rep. Gulleson On page 7, the language regarding the compensation for board members, is the $250 per month in addition to the $62.50 new language?

Chairman Martinson Yes, it is.

Woeste Yes.

Chairman Martinson We had talked about doing that last session and had it in our amendments the whole time. The board wasn't real happy because of the accountability measures so they told us that they didn't want it, and then realized their mistake. So they would like that, and that is certainly debatable whether you want to keep it in there or not.

Woeste I will go through the special fund changes or if there are any certain ones that jump out at you, I can answer questions.

Chairman Martinson Those are basically on page 16 and 17, aren't they?

Woeste That is correct. They start at the bottom of page 15 and continue on to page 16. The majority of the changes deal with the removal of the appropriations from the student loan trust.

Chairman Martinson I think I have a fairly good handle on it. Some of our members have not had the opportunity to look at all of these as long as some of us have.

Rep. Gulleson I probably won't be supporting that $250.00 per month for two reasons. We are asking state employees across the state to resist any increases and take the sacrifices with the rest of the budget and so I don't know that the timing is very good. The competition for becoming a board member is still pretty high. A lot of people submit their names and there seems to be a real interest in it. Nobody talks about having to make a financial sacrifice, I don't know that the timing is there.

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Chairman Martinson We put it in there to equal the pay that we receive during the interim. You can certainly make a motion to take that out.

Rep. Gulleson made a motion to remove the $250.00 added to Section 19.

Chairman Martinson Is there a second?

Rep. Aarsvold Second.

Chairman Martinson It has been moved and seconded, we remove Section 19 from the bill, is there any discussion?

Rep. Gulleson Roxanne, do we compensate any other boards in this state at a monthly rate who serve?

Roxanne Woeste Not that I am aware of, but I don't know the compensation rates for all of the boards and commissions. That would be something that would have to be researched.

Chairman Martinson Any further discussion?

Rep. Wald I would tend to resist that motion. I don't know if we pay anybody else in state government $250.00 per month for serving on boards, but I submit that there isn't another board in state government that is as challenging and as time consuming as being on the board of higher education and I guess for that reason I would vote against it.

Chairman Martinson Any further discussion?

A voice vote was taken on the motion to remove the $250.00 added to Section 19, and the motion failed.

Chairman Martinson Rep. Wald, are you ready to move the amendment?

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Operator's Signature

9/30/03
Date

Rep. Wald I have one question before I do that. On page 4 of the amendments, Roxanne, does Whitney Stadium at Dickinson need to be reauthorized or once it is authorized it stays authorized?

Roxanne Woeste HB 1003 does reauthorize Whitney Stadium.

Rep. Wald I would move the amendments .0108.

Rep. Monson Second.

Chairman Martinson It has been moved and seconded, we adopted the amendments .0108 to HB 1003, is there any further discussion?

Rep. Aarsvold The four bills that we moved to put into HB 1003 from the Higher Ed office, where are they at in the amendments?

Chairman Martinson They should start on page 5, section 16.

Rep. Gulleson I serve on the intern EPSCOR group of legislators who really followed that and so I am very supportive of the project and the program. My concern with the additional million, not that we added an additional million to that, but that we subtracted it from all of the other campus budgets does concern me a bit. The research institutions sit in a position to attract the research dollars and attract other grant dollars generally much more than all of the other institutions and by subtracting those dollars from the other campus funds concerns me a lot.

Chairman Martinson I don't disagree with you. This isn't exactly the way that I would like it, but I would hope that when we get into conference committee that those are some of the things that we can work on. Any further discussion?

Rep. Wald I would echo Rep. Gulleson's remarks.

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Operator's Signature Date

Rep. Brusegaard What you said was exactly right, our purpose in doing that is that we wanted to emphasize the importance of EPSCOR. We are going to at least stick by the idea that we need to reinforce EPSCOR.

Chairman Martinson You can see that this is draft 8 of these amendments so we have had some difficulties to this point. It gets frustrating at times like this because we have no more time. I have told our majority leader that there is some dissatisfaction with that move and we will certainly have another time to talk about it when we do get to conference committee. Is there any other discussion? Would you please call the roll.

ROLL CALL VOTES ON ADOPTING AMENDMENTS .0108

6 YES 1 NO 0 ABSENT

Chairman Martinson Is there a motion for a do pass as amended?

Rep. Wald I would move a do pass as amended.

Rep. Brusegaard Second.

Chairman Martinson It has been moved and seconded that we recommend a do pass on amended HB 1003. Is there any further discussion? Would you please call the roll.

ROLL CALL VOTES ON A DO PASS AS AMENDED

6 YES 1 NO 0 ABSENT

Chairman Martinson That motion passes. The hearing was closed on HB 1003.

Rep. Martinson will carry the bill.

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1003

House Appropriations Committee

☐ Conference Committee

Hearing Date 02-17-03

Tape Number	Side A	Side B	Meter #
1	X		34
Committee Clerk Signature	Chris S Nyhus		

Minutes:

Chairman Svedjan Opened HB 1003 for discussion.

Rep. Martinson moved to pass amendment. 2nd by Rep. Wald.

Roxanne Woeste, LC shared changes on amendments 0108 on page 14. It increases 3.3 million dollars in total, lowers estimated income, and adds 7.9 million dollars from the fund. The bottom of page 14 shows allocations.

Rep. Carlson What is the Center of Excellence?

Rep. Martinson It is defined on page 7, section 18 of the amendment.

Rep. Carlson On page 5, section 15 of the bill, dealing with the Water Development Trust fund transfer to pay back flood damage loans. Did it happen?

Rep. Delzer It was covered in a deficiency appropriation last session. We didn't have general fund dollars available to do this.

Rep. Koppleman I have a question on page 7, section 19, is this a raise for higher education?

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LaCosta Rickford 9/30/03
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Rep. Martinson Yes, it is absorbed in there operations.

Rep. Gulleson I have concerns with section 18. I support the program, but am concerned with the additional one million dollars that came from other campuses. I would like to se it redistributed. Section 19 increeses for board members, this isn't the time do to that. We have asked our employees to take no raise. I don't feel it is necessary.

Rep. Delzer How often do they meet?

Rep. Brusegaard Ten times annually.

Rep. Wald Per diem is $21,000 annually for the board.

Rep. Carlson IT expenditures were 26 dollars in the budget. That is 12.6 million dollars lower in IT. It will include some reductions in Higher Education's IT budget.

Chairman Svedjan This has been given greater definition. It is now a grant fund. The private sector also contributes. They are focusing on areas like aviation, medicine, etc.

Rep. Carlson The internship issue is being addressed in the Department of Commerce.

Rep. Carlson Renovations funded by revenue bonds, will this affect student fees?

Rep. Martinson 2 bonding ventures were added. One is at Mayville in the NW Hall. The other one is Valley City State University for resident dorms.

Rep. Skarphol I question the changes to show unrestricted assets.

Rep. Martinson I don't think it changes anything but the wording.

Chairman Svedjan I wasn't part of the budget data presented, but I don't think it is part of this.

Rep. Thoreson I'm concerned with the increase in per diem. I'd like the amount amended.

Rep. Delzer With the building changes, maintenance charges are on us. That is transferred to students through fees?

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Rep. Martinson No, I don't have any information on that.

Rep. Warnke Some facilities will be included in current buildings, maintenance is already being done.

OMB This is a special fund item

Rep. Delzer Are we circumventing our bond situation?

Rep. Wald Most are existing building's funding. Capital Fund Construction in one year will pay bond payments. The formula will continue from there.

Rep. Delzer Why an escrow account, waiting until 2005?

Rep. Wald There isn't enough cash. Bonds are not due, so we hold the money.

Rep. Glassheim The 7.9 million dollar increase in general funds, is this a real increase or a transfer?

Rep. Svedjan Money is moved through the general fund. A Student Loan Trust Fund transfer is funneled through. This is to better monitor general fund dollars.

Rep. Brusegaard I move a Do Pass As Amended. 2nd by Rep. Wald. Motion Carries 16-7-0. Rep. Martinson will carry this bill to the floor.

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LaCosta Rickford 9/30/03
Operator's Signature Date

Date: February 17, 2003
Roll Call Vote #: 1

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1003

House Appropriations Education and Environment Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number LC # .0108

Action Taken Amendment

Motion Made By Rep. Wald Seconded By Rep. Monson

Representatives	Yes	No	Representatives	Yes	No
Rep. Martinson	X				
Rep. Brusegaard	X				
Rep. Monson	X				
Rep. Rennerfeldt	X				
Rep. Wald	X				
Rep. Aarsvold	X				
Rep. Gulleson		X			

Total (Yes) 6 No 1

Absent 0

Floor Assignment

If the vote is on an amendment, briefly indicate intent: See Proposed Amendments.

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LaCosta Rickford 9/30/03
Operator's Signature Date

Date: February 17, 2003
Roll Call Vote #: 2

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1003

House Appropriations Education and Environment Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number LC # .0108

Action Taken Do Pass As Amended

Motion Made By Rep. Wald Seconded By Rep. Brusegaard

Representatives	Yes	No	Representatives	Yes	No
Rep. Martinson	X				
Rep. Brusegaard	X				
Rep. Monson	X				
Rep. Rennerfeldt	X				
Rep. Wald	X				
Rep. Aarsvold	X				
Rep. Gulleson		X			

Total (Yes) 6 No 1

Absent 0

Floor Assignment Rep. Martinson

If the vote is on an amendment, briefly indicate intent: See Proposed Amendments.

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Operator's Signature

9/30/03
Date

38003.0108
Title.
Fiscal No. 6

Prepared by the Legislative Council staff for
Representative Berg
February 17, 2003

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1003

Page 1, line 3, after "projects" insert "; to authorize the industrial commission to issue and sell bonds for capital projects; to provide statements of legislative intent; to provide for a general fund transfer; to amend and reenact sections 15-10-08, 15-10-12, 54-44.1-04, 54-44.1-06, and 54-44.1-11 of the North Dakota Century Code, relating to compensation of state board of higher education members, higher education institutions' special revenue funds, budget requests and block grant appropriations, and unexpended appropriations"

Page 1, line 13, remove "AND INSTITUTIONS"

Page 1, line 14, replace "117,068,750" with "14,100,689"

Page 1, line 15, replace "program" with "and centers for excellence" and replace "4,000,000" with "7,000,000"

Page 1, line 16, replace "535,306" with "435,306"

Page 1, line 17, replace "4,512,642" with "4,479,337"

Page 1, line 19, replace "26,138,137" with "26,135,148"

Page 1, replace lines 21 through 23 with:

"Professional liability insurance	1,850,000
Student financial assistance grants	4,430,215
Professional student exchange program	1,678,300
Scholars program	816,368
Native American scholarships	204,086
Education incentive programs	830,000"

Page 1, line 24, replace "467,577,358" with "64,407,816"

Page 2, line 1, replace "115,498,722" with "5,355,507"

Page 2, line 2, replace "352,078,636" with "59,052,309"

Page 2, after line 3, insert:

"BISMARCK STATE COLLEGE

Capital assets	$250,000
Operations	15,493,038
General fund appropriation	$15,743,038

Subdivision 3.

LAKE REGION STATE COLLEGE

Capital assets	$44,831
Operations	4,963,824
General fund appropriation	$5,008,655

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Subdivision 4.

WILLISTON STATE COLLEGE

Capital assets	$88,790
Operations	5,319,181
General fund appropriation	$5,407,971

Subdivision 5.

UNIVERSITY OF NORTH DAKOTA

Capital assets	$32,662,136
Operations	84,584,943
Nordic initiative	50,000
Marketing initiative	50,000
Total all funds	$117,347,079
Less estimated income	30,300,000
General fund appropriation	$87,047,079

Subdivision 6.

NORTH DAKOTA STATE UNIVERSITY

Capital assets	$16,737,531
Operations	66,875,983
Total all funds	$83,613,514
Less estimated income	15,000,000
General fund appropriation	$68,613,514

Subdivision 7.

NORTH DAKOTA STATE COLLEGE OF SCIENCE

Capital assets	$4,442,420
Operations	23,774,891
Total all funds	$28,217,311
Less estimated income	3,668,920
General fund appropriation	$24,548,391

Subdivision 8.

DICKINSON STATE UNIVERSITY

Capital assets	$5,393,962
Operations	13,590,878
Total all funds	$18,984,840
Less estimated income	5,000,000
General fund appropriation	$13,984,840

Subdivision 9.

MAYVILLE STATE UNIVERSITY

Capital assets	$364,589
Operations	8,349,835
Old main improvement	50,000
Total all funds	$8,764,424
Less estimated income	150,000
General fund appropriation	$8,614,424

Subdivision 10.

MINOT STATE UNIVERSITY

Capital assets	$612,850

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Operations	25,554,142
General fund appropriation	$26,166,992

Subdivision 11.

VALLEY CITY STATE UNIVERSITY

Capital assets	$265,334
Operations	11,144,078
General fund appropriation	$11,409,412

Subdivision 12.

MINOT STATE UNIVERSITY - BOTTINEAU

Capital assets	$112,663
Operations	4,057,001
General fund appropriation	$4,169,664

Subdivision 13.

UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH SCIENCES

Operations	$30,268,879
General fund appropriation	$30,268,879

Subdivision 14."

Page 2, line 6, replace "2,769,197" with "2,717,215"

Page 2, line 7, replace "2,915,258" with "2,863,276"

Page 2, line 9, replace "1,825,257" with "1,773,275"

Page 2, line 10, replace "353,903,893" with "361,808,443"

Page 2, line 11, replace "116,588,723" with "112,046,775"

Page 2, line 12, replace "470,492,616" with "473,855,218"

Page 2, line 13, replace "$535,306" with "$435,306"

Page 2, remove lines 18 through 30

Page 3, remove lines 1 through 12

Page 3, line 13, replace "$117,068,750" with "$14,100,689"

Page 3, line 15, remove "as determined"

Page 3, line 16, replace ", the payment of special assessments, and the repair and construction of" with "and by the industrial commission to establish an escrow account as authorized in section 15 of this Act."

Page 3, remove lines 17 through 28

Page 3, line 29, replace "$26,138,137" with "$26,135,148"

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Page 4, remove lines 29 through 31

Page 5, remove lines 1 through 3

Page 5, remove lines 18 through 22

Page 5, line 23, after "**PURPOSES**" insert " - **APPROPRIATION**"

Page 5, line 31, after "issued" insert ", and the proceeds are appropriated, for the biennium beginning July 1, 2003, and ending June 30, 2005,"

Page 5, after line 31, insert:

"Bismarck state college - Student apartments	$1,785,000"

Page 6, after line 1, insert:

"Mayville state university - Fieldhouse renovation and addition	$3,000,000
University of North Dakota - Airport hangar	$2,000,000
University of North Dakota - Wellness center	$8,000,000
University of North Dakota - Athletic complex	$13,000,000
Valley City state university - Kolstoe hall renovation	$3,300,000"

Page 6, after line 2, insert:

"Mayville state university may obtain and utilize special funds to assist in the renovation and addition of the fieldhouse. There is appropriated to Mayville state university the sum of $1,000,000, or so much as may be necessary, from any other funds that may become available for this project, for the biennium beginning July 1, 2003, and ending June 30, 2005.

Total special funds appropriation	$43,460,000

SECTION 13. PROJECT AUTHORIZATIONS. The industrial commission, acting as the North Dakota building authority, shall arrange for the funding of the projects authorized in this section, hereby declared to be in the public interest, through the issuance of evidences of indebtedness under chapter 54-17.2, during the biennium beginning July 1, 2003, and ending June 30, 2005. The proceeds of the evidences of indebtedness and other available funds are hereby appropriated during the biennium beginning July 1, 2003, and ending June 30, 2005, for the following projects:

Dickinson state university	Murphy hall phase I addition	$5,882,047
Valley City state university	Graichen gymnasium elevator and emergency exits	$785,300
Mayville state university	Steamline replacement phase II	$1,355,000

The industrial commission shall issue evidences of indebtedness under this section with the condition that lease rental payments need not begin until July 1, 2005. This authority of the industrial commission to issue evidences of indebtedness ends June 30, 2005, but the industrial commission may continue to exercise all other powers granted to it under chapter 54-17.2 and this Act and to comply with any covenants entered into before that date.

Grand total special funds appropriation	$8,022,347

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SECTION 14. BOND ISSUANCE REPAYMENT RESPONSIBILITY - LIMITATION IN SECTION 54-17.2-23. The industrial commission shall establish an escrow account for receipt of the first two annual lease rental payments for the retirement of the evidences of indebtedness issued for the project costs associated with the construction of the projects authorized by section 14 of this Act. The escrow account is established to address the general fund lease limitations of section 54-17.2-23 during the 2005-07 biennium. The escrow account consists of $1,310,000, or so much thereof as may be necessary, transferred from the general fund amounts appropriated for capital assets in subdivision 1 of section 1 of this Act and $250,000 provided as local responsibility from other Dickinson state university fund sources.

SECTION 15. STUDENT FINANCIAL ASSISTANCE GRANTS. The funds appropriated for student financial assistance grants in section 1 of this Act must be allocated not less than twenty percent to students at private baccalaureate degree granting institutions with the remaining funds allocated to students at public and native American institutions.

SECTION 16. LEGISLATIVE INTENT - HIGHER EDUCATION ACCOUNTABILITY MEASURES. It is the intent of the legislative assembly that the board of higher education's performance and accountability report as required by section 15-10-14.2 include an executive summary and information regarding:

1. Education excellence, including:
   a. Student performance on nationally recognized exams in their major fields compared to the national averages.
   b. First-time licensure pass rates compared to other states.
   c. Alumni-reported and student-reported satisfaction with preparation in selected major, acquisition of specific skills, and technology knowledge and abilities.
   d. Employer-reported satisfaction with preparation of recently hired graduates.
   e. Biennial report on employee satisfaction relating to the university system and local institutions.
   f. Ratio of faculty and staff to students.
   g. Student graduation and retention rates.
2. Economic development, including:
   a. Enrollment in entrepreneurship courses and the number of graduates of entrepreneurship programs.
   b. Percentage of university system graduates obtaining employment appropriate to their education in the state.
   c. Number of businesses and employees in the region receiving training.
   d. Number of students employed in major field of study six months and eighteen months after graduation.
3. Student access, including:

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a. Proportion of residents of the state who are within a forty-five-minute drive of a location at which they can receive educational programs from a provider.

b. Number and proportion of enrollments in courses offered by nontraditional methods.

4. Student affordability, including:

a. Tuition and fees on a per student basis compared to the regional average.

b. Tuition and fees as a percentage of median North Dakota household income.

c. Cost per student in terms of general fund appropriations and total university system funding.

d. Average number of semesters completed per baccalaureate degree graduate.

e. Administrative, instructional, and other cost per student.

f. Per capita general fund appropriations for higher education.

g. State general fund appropriation levels for university system institutions compared to peer institutions general fund appropriation levels.

5. Financial operations, including:

a. Percentage of total university system funding used for instruction, research, and public service.

b. Percentage of total university system funding used for institutional support, operations, and maintenance of physical plant.

c. Ratio measuring the funding derived from operating and contributed income compared to total university system funding.

d. Deferred maintenance ratio measuring the size of the university system's outstanding maintenance as compared to its expendable net assets.

e. Viability ratio measuring the amount of expendable net assets as compared to the amount of long-term debt.

f. Research expenditures in proportion to the amount of revenue generated by research activity and funding received for research activity.

g. New construction and major renovation capital projects for which specific appropriations are made, including budget to actual comparison, use of third-party funding, and related debt.

SECTION 17. GENERAL FUND TRANSFER. The industrial commission shall transfer to the general fund the sum of $13,258,969 from the North Dakota student loan trust. The moneys must be transferred as requested by the director of the office of management and budget during the biennium beginning July 1, 2003, and ending June 30, 2005, and upon certification by the student loan trust trustee that sufficient

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moneys remain available to pay all debt service on student loan trust bonds, all required rebate payments to the United States treasury, and all program operating expenses.

SECTION 18. COMPETITIVE RESEARCH - CENTERS FOR EXCELLENCE. The competitive research and centers for excellence line item in subdivision 1 of section 1 of this Act includes $5,000,000 for the competitive research program and $2,000,000 for public private partnership research efforts that focus on research that will have a positive impact on the state's economy and gross state product including research efforts that emphasize aerospace, biotechnology, energy, medicine, and technology transfer.

SECTION 19. AMENDMENT. Section 15-10-08 of the North Dakota Century Code is amended and reenacted as follows:

15-10-08. Compensation of board members - Expenses - Legislative appropriations. Each member of the state board of higher education, except the student member, is entitled to receive as compensation two hundred fifty dollars per month, sixty-two dollars and fifty cents per day for each calendar day actually spent devoted to the duties of office, and necessary expenses in the same manner and amounts as other state officials for attending meetings and performing other functions of office. The faculty adviser is entitled to receive as compensation two hundred fifty dollars per month and necessary expenses in the same manner and amounts as other state officials for attending meetings and performing other functions of office. The legislative assembly shall provide adequate funds to carry out the functions and duties of the board.

SECTION 20. AMENDMENT. Section 15-10-12 of the North Dakota Century Code is amended and reenacted as follows:

15-10-12. (Effective through June 30, ~~2003~~ 2005) Board may accept gifts and bequests - Deposit and appropriation of institutional funds. Subject to the limitations of section 15-10-12.1, the state board of higher education may receive donations, gifts, grants, and bequests offered or tendered to or for the benefit of any institution of higher education under its control or subject to its administration, and all moneys coming into the hands of the board as donations, gifts, grants, and bequests must be used for the specific purpose for which they are donated or given. A special revenue fund, for each institution of higher education under the control of the board or subject to its administration, must be maintained within the state treasury. All rent, interest, or income from land, money, or property, donated or granted by the United States and allocated to specific institutions of higher learning under the terms of the Enabling Act and the Constitution of North Dakota must be deposited in the special revenue fund of each institution and expended in accordance with section 1 of article IX of the Constitution of North Dakota. All other funds, unless restricted by the terms of a grant, donation, or bequest, received by the institutions from federal, state, and local grants and contracts, indirect cost recoveries, tuition, special student fees, room and board fees and other auxiliary enterprise fees, student activity fees, continuing education program fees, internal service fund revenues, and all other revenues must be deposited in the institution special revenue funds. The state treasurer shall immediately transfer the funds deposited in the special revenue funds to institution accounts in the Bank of North Dakota. Biennial estimates of revenue and expenditures of the other funds by source of funds must be presented at the same time biennial budget requests for appropriations from the special revenue fund and state general fund are prepared and submitted to the office of the budget ~~pursuant to section 15-10-15~~. Payments from each institution's general fund appropriation must be made in amounts as may be necessary for the operation and maintenance of each institution. The funds in the institution accounts are appropriated on a continuing basis to the state board of higher education. All such appropriations are subject to proration in the same manner as other appropriations are prorated if insufficient funds are available to meet expenditures from the general fund. Sinking funds for the payment of interest and principal of institutional revenue bonds must be deposited pursuant to section 15-55-06.

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(Effective after June 30, ~~2003~~ 2005) Board may accept gifts and bequests - Deposit of funds. The state board of higher education may, subject to the limitations of section 15-10-12.1, receive donations, gifts, grants, and bequests offered or tendered to or for the benefit of any institution of higher education under its control or subject to its administration, and all moneys coming into the hands of the board as donations, gifts, grants, and bequests must be used for the specific purpose for which they are donated or given. A special revenue fund, for each institution of higher education under the control of the board or subject to its administration, must be maintained within the state treasury and all institutional income from tuition collections must be placed in the special fund for the use of the institution for which the money was raised. All rent, interest, or income from land, money, or property, donated or granted by the United States and allocated to specific institutions of higher learning under the terms of the Enabling Act and the Constitution of North Dakota must be deposited in the special revenue fund of each institution and expended in accordance with section 1 of article IX of the Constitution of North Dakota. Moneys in the special revenue fund are subject to legislative appropriations. All other funds, unless restricted by the terms of a grant, donation, or bequest, received by the institutions from federal, state, and local grants and contracts, indirect cost recoveries, special student fees, room and board fees and other auxiliary enterprise fees, student activity fees, continuing education program fees, internal service fund revenues, and all other revenues must be deposited in the institution special revenue funds. The state treasurer shall immediately transfer the funds deposited in the special revenue funds to institution accounts in the Bank of North Dakota. Biennial estimates of revenue and expenditures of the other funds by source of funds must be presented at the same time biennial budget requests for appropriations from the special revenue fund and state general fund are prepared and submitted to the office of the budget ~~pursuant to section 15-10-15~~. Payments from each institution's general fund appropriation must be made in amounts as may be necessary for the operation and maintenance of each institution, except that at the close of the biennium the balance of funds not paid from the general fund appropriation must be deposited in the special revenue funds of the institutions. All such appropriations are subject to proration in the same manner as other appropriations are prorated if insufficient funds are available to meet expenditures from the general fund. Sinking funds for the payment of interest and principal of institutional revenue bonds must be deposited pursuant to section 15-55-06.

SECTION 21. AMENDMENT. Section 54-44.1-04 of the North Dakota Century Code is amended and reenacted as follows:

54-44.1-04. (Effective through June 30, ~~2003~~ 2005) Budget estimates of budget units filed with the office of the budget - Deadline. The head of each budget unit, not later than July fifteenth of each year next preceding the session of the legislative assembly, shall submit to the office of the budget, estimates of financial requirements of the person's budget unit for the next two fiscal years, on the forms and in the manner prescribed by the office of the budget, with such explanatory data as is required by the office of the budget and such additional data as the head of the budget unit wishes to submit. The budget estimates for the North Dakota university system must include block grants for the university system for a base funding component and for an initiative funding component for specific strategies or initiatives and a budget estimate for an asset funding component for renewal and replacement of physical plant assets at the institutions of higher education. The estimates so submitted must bear the approval of the board or commission of each budget unit for which a board or commission is constituted. The director of the budget in the director's discretion may extend the filing date for any budget unit if the director finds there is some circumstance ~~which~~ that makes it advantageous to authorize the extension. If a budget unit has not submitted its estimate of financial requirements by the required date or within a period of extension set by the director of the budget, the director of the budget shall prepare ~~such~~ the budget unit's estimate of financial requirements except ~~such~~ the estimate may not exceed ninety percent of ~~such~~ the budget unit's previous biennial appropriation. The director of the budget or ~~such~~ a subordinate officer as the director designates shall examine the estimates and shall afford to the heads of budget units reasonable

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opportunity for explanation in regard thereto and, when requested, shall grant to the heads of budget units a hearing thereon which must be open to the public.

(Effective after June 30, ~~2003~~ 2005) Budget estimates of budget units filed with the office of the budget - Deadline. The head of each budget unit, not later than July fifteenth of each year next preceding the session of the legislative assembly, shall submit to the office of the budget, estimates of financial requirements of the person's budget unit for the next two fiscal years, on the forms and in the manner prescribed by the office of the budget, with such explanatory data as is required by the office of the budget and such additional data as the head of the budget unit wishes to submit. The estimates so submitted must bear the approval of the board or commission of each budget unit for which a board or commission is constituted. The director of the budget may extend the filing date for any budget unit if the director finds there is some circumstance ~~which~~ that makes it advantageous to authorize the extension. If a budget unit has not submitted its estimate of financial requirements by the required date or within a period of extension set by the director of the budget, the director of the budget shall prepare ~~such~~ the budget unit's estimate of financial requirements except ~~such~~ the estimate may not exceed ninety percent of ~~such~~ the budget unit's previous biennial appropriation. The director of the budget or ~~such~~ a subordinate officer as the director shall designate shall examine the estimates and shall afford to the heads of budget units reasonable opportunity for explanation in regard thereto and, when requested, shall grant to the heads of budget units a hearing thereon which must be open to the public.

SECTION 22. AMENDMENT. Section 54-44.1-06 of the North Dakota Century Code is amended and reenacted as follows:

~~54-44.1-06.~~ (Effective through June 30, ~~2003~~ 2005) Preparation of the budget data - Contents. The director of the budget, through the office of the budget, shall prepare budget data which must contain and include the following:

1. Summary statements of the financial condition of the state, accompanied by ~~such~~ the detailed schedules of assets and liabilities as the director of the budget ~~deems~~ determines desirable, which ~~shall~~ must include~~, but not be limited to,~~ the following:

   a. Summary statements of fund balances and assets showing in detail for each fund the surplus or deficit at the beginning of each of the two fiscal years of the previous biennium and the first fiscal year of the present biennium, the actual revenue for those years, the total appropriations for the previous and present biennium, and the total expenditures for those fiscal years; and

   b. Similar summary statements of the estimated fund balances and assets for the current fiscal year and each of the fiscal years of the next biennium.

   Summary statements may include~~, but not be limited to,~~ a comparative consolidated balance sheet showing all the assets and liabilities of the state and the surplus or deficit, as the case may be, at the close of the first fiscal year of the current biennium.

2. Statements of actual revenue for the previous biennium, the first year of the present biennium, and the estimated revenue of the current fiscal year and of the next biennium, and a statement of unappropriated surplus expected to have accrued in the state treasury at the beginning of the next fiscal year. The statements of revenue and estimated revenue must be classified by sources and by budget unit collecting them. Existing sources of revenue must be analyzed as to their equity, productivity, and need for revision, and any proposed new sources of revenue must be explained.

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3. Summary statements of expenditures of the previous biennium and first year of the present biennium, itemized by budget units and classified as prescribed by the director of the budget.

4. Detailed comparative statements of expenditures and requests for appropriations by funds, budget units and classification of expenditures, showing the expenditures for the previous biennium, the first fiscal year of the present biennium, the budget of the current biennium, and the governor's recommendation for appropriations for each budget unit for the next biennium, all distributed according to the prescribed classification of expenditures. Following the lists of actual and proposed expenditures of each budget unit there must be a brief explanation of the functions of the unit and comments on its policies and plans and on any considerable differences among the amounts recommended, with ~~such~~ any descriptive, quantitative, comparative, and other data as to work done, unit costs, and like information as may be considered necessary or desirable. For capital outlay expenditures involving construction projects to be completed in two or more fiscal years, there must be shown the total estimated cost of each such project and the amount thereof recommended to be appropriated and expended in each ensuing fiscal year until completion of the project. Capital outlay needs may be projected for at least two years beyond the period covered by the budget.

5. A detailed statement showing the estimate of all moneys required to be raised or appropriated for the payment of interest upon the funded debt of the state and its other obligations bearing interest, and the amount of money required to be contributed in the two next ensuing fiscal years to the general sinking funds maintained for the redemption and payment of the debts of the state.

6. A summary statement of the unappropriated fund balance estimated to be available at the beginning of the next biennium, and the estimated revenue of the next biennium, as compared with the total recommended amounts of appropriation for all classes of expenditures for the next biennium, and if the total of the recommended expenditures exceeds the total of the estimated resources, recommendations as to how the deficiency is to be met and estimates of any proposed additional revenue.

7. Drafts of proposed general and special appropriations acts embodying the budget data and recommendations of the governor for appropriations for the next biennium and drafts of such revenues and other acts recommended by the governor for putting into effect the proposed financial plan. The recommended general appropriation for each budget unit must be specified in a separate section of the general appropriations act. The draft of the proposed appropriations act for the North Dakota university system must include block grants for a base funding appropriation and for an initiative funding appropriation for specific strategies or initiatives and an appropriation for asset funding for renewal and replacement of physical plant assets at the institutions of higher education ~~in the format approved by the fifty-seventh legislative assembly~~.

8. A list of every individual asset or service, excluding real estate, with a value of at least fifty thousand dollars and every group of assets and services comprising a single system with a combined value of at least fifty thousand dollars acquired through a capital or operating lease arrangement or debt financing arrangement by a state agency or institution. The list must include assets or services acquired in the current biennium and anticipated assets or services to be acquired in the next biennium.

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9. ~~Such~~ Any other information as the director of the budget ~~deems~~ determines desirable or as is required by law.

(Effective after June 30, ~~2003~~ 2005) Preparation of the budget data - Contents. The director of the budget, through the office of the budget, shall prepare budget data which must contain and include the following:

1. Summary statements of the financial condition of the state, accompanied by ~~such~~ the detailed schedules of assets and liabilities as the director of the budget ~~deems~~ determines desirable, which ~~shall~~ must include~~, but not be limited to,~~ the following:

   a. Summary statements of fund balances and assets showing in detail for each fund the surplus or deficit at the beginning of each of the two fiscal years of the previous biennium and the first fiscal year of the present biennium, the actual revenue for those years, the total appropriations for the previous and present biennium, and the total expenditures for those fiscal years; and

   b. Similar summary statements of the estimated fund balances and assets for the current fiscal year and each of the fiscal years of the next biennium.

   Summary statements may include~~, but not be limited to,~~ a comparative consolidated balance sheet showing all the assets and liabilities of the state and the surplus or deficit, as the case may be, at the close of the first fiscal year of the current biennium.

2. Statements of actual revenue for the previous biennium, the first year of the present biennium, and the estimated revenue of the current fiscal year and of the next biennium, and a statement of unappropriated surplus expected to have accrued in the state treasury at the beginning of the next fiscal year. The statements of revenue and estimated revenue must be classified by sources and by budget unit collecting them. Existing sources of revenue must be analyzed as to their equity, productivity, and need for revision, and any proposed new sources of revenue must be explained.

3. Summary statements of expenditures of the previous biennium and first year of the present biennium, itemized by budget units and classified as prescribed by the director of the budget.

4. Detailed comparative statements of expenditures and requests for appropriations by funds, budget units and classification of expenditures, showing the expenditures for the previous biennium, the first fiscal year of the present biennium, the budget of the current biennium, and the governor's recommendation for appropriations for each budget unit for the next biennium, all distributed according to the prescribed classification of expenditures. Following the lists of actual and proposed expenditures of each budget unit there must be a brief explanation of the functions of the unit and comments on its policies and plans and on any considerable differences among the amounts recommended, with ~~such~~ any descriptive, quantitative, comparative, and other data as to work done, unit costs, and like information as may be considered necessary or desirable. For capital outlay expenditures involving construction projects to be completed in two or more fiscal years, there must be shown the total estimated cost of each such project and the amount thereof recommended to be appropriated and expended in each ensuing fiscal year until completion of the project. Capital outlay needs may be projected for at least two years beyond the period covered by the budget.

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5. A detailed statement showing the estimate of all moneys required to be raised or appropriated for the payment of interest upon the funded debt of the state and its other obligations bearing interest, and the amount of money required to be contributed in the two next ensuing fiscal years to the general sinking funds maintained for the redemption and payment of the debts of the state.

6. A summary statement of the unappropriated fund balance estimated to be available at the beginning of the next biennium, and the estimated revenue of the next biennium, as compared with the total recommended amounts of appropriation for all classes of expenditures for the next biennium, and if the total of the recommended expenditures exceeds the total of the estimated resources, recommendations as to how the deficiency is to be met and estimates of any proposed additional revenue.

7. Drafts of a proposed general appropriations act and special appropriations acts embodying the budget data and recommendations of the governor for appropriations for the next biennium and drafts of such revenues and other acts recommended by the governor for putting into effect the proposed financial plan. The recommended general appropriation for each budget unit must be specified in a separate section of the general appropriations act.

8. A list of every individual asset or service, excluding real estate, with a value of at least fifty thousand dollars and every group of assets and services comprising a single system with a combined value of at least fifty thousand dollars acquired through a capital or operating lease arrangement or debt financing arrangement by a state agency or institution. The list must include assets or services acquired in the current biennium and anticipated assets or services to be acquired in the next biennium.

9. ~~Such~~ Any other information as the director of the budget ~~deems~~ determines desirable or as is required by law.

SECTION 23. AMENDMENT. Section 54-44.1-11 of the North Dakota Century Code is amended and reenacted as follows:

54-44.1-11. (Effective through June 30, ~~2003~~ 2005) Office of management and budget to cancel unexpended appropriations - When they may continue. Except as otherwise provided by law, the office of management and budget, thirty days after the close of each biennial period, shall cancel all unexpended appropriations or balances of appropriations after the expiration of the biennial period during which they became available under the law. Unexpended appropriations for the North Dakota university system are not subject to this section and the North Dakota university system shall report on the amounts and uses of funds carried over from one biennium to the next to subsequent appropriations committees of the legislative assembly. The chairmen of the appropriations committees of the senate and house of representatives of the legislative assembly with the office of the budget may continue appropriations or balances in force for not more than two years after the expiration of the biennial period during which they became available upon recommendation of the director of the budget for:

1. New construction projects.

2. Major repair or improvement projects.

3. Purchases of new equipment costing more than ten thousand dollars per unit if it was ordered during the first twelve months of the biennium in which the funds were appropriated.

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4. The purchase of land by the state on a "contract for deed" purchase if the total purchase price is within the authorized appropriation.

(Effective after June 30, ~~2003~~ 2005) Office of management and budget to cancel unexpended appropriations - When they may continue. The office of management and budget, thirty days after the close of each biennial period, shall cancel all unexpended appropriations or balances of appropriations after the expiration of the biennial period during which they became available under the law. The chairmen of the appropriations committees of the senate and house of representatives of the legislative assembly with the office of the budget may continue appropriations or balances in force for not more than two years after the expiration of the biennial period during which they became available upon recommendation of the director of the budget for:

1. New construction projects.
2. Major repair or improvement projects.
3. Purchases of new equipment costing more than ten thousand dollars per unit if it was ordered during the first twelve months of the biennium in which the funds were appropriated.
4. The purchase of land by the state on a "contract for deed" purchase if the total purchase price is within the authorized appropriation."

Page 6, line 3, remove "subdivisions 1"

Page 6, line 4, remove "and 2 of", replace the second "section" with "sections", and replace "17" with "12, 13, and 14"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1003 - Summary of House Action

	EXECUTIVE BUDGET	HOUSE CHANGES	HOUSE VERSION
University System office			
Total all funds	$467,577,358	($403,169,542)	$64,407,816
Less estimated income	115,496,722	(110,143,215)	5,355,507
General fund	$352,078,636	($293,026,327)	$59,052,309
Bismarck State College			
Total all funds	$0	$17,526,038	$17,526,038
Less estimated income		1,785,000	1,785,000
General fund	$0	$15,743,038	$15,743,038
Lake Region State College			
Total all funds	$0	$5,383,655	$5,383,655
Less estimated income		375,000	375,000
General fund	$0	$5,008,655	$5,008,655
Williston State College			
Total all funds	$0	$5,407,971	$5,407,971
Less estimated income			
General fund	$0	$5,407,971	$5,407,971
University of North Dakota			
Total all funds	$0	$140,347,079	$140,347,079
Less estimated income		53,300,000	53,300,000
General fund	$0	$87,047,079	$87,047,079
UND Medical Center			
Total all funds	$0	$30,268,879	$30,268,879
Less estimated income			
General fund	$0	$30,268,879	$30,268,879
North Dakota State University			
Total all funds	$0	$94,613,514	$94,613,514
Less estimated income		26,000,000	26,000,000
General fund	$0	$68,613,514	$68,613,514
State College of Science			
Total all funds	$0	$26,217,311	$26,217,311

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Less estimated income		3,666,920	3,666,920
General fund	$0	$24,548,391	$24,548,391
Dickinson State University			
Total all funds	$0	$24,866,887	$24,866,887
Less estimated income		10,882,047	10,882,047
General fund	$0	$13,984,840	$13,984,840
Mayville State University			
Total all funds	$0	$14,119,424	$14,119,424
Less estimated income		5,505,000	5,505,000
General fund	$0	$8,614,424	$8,614,424
Minot State University			
Total all funds	$0	$26,166,992	$26,166,992
Less estimated income			
General fund	$0	$26,166,992	$26,166,992
Valley City State University			
Total all funds	$0	$15,494,712	$15,494,712
Less estimated income		4,085,300	4,085,300
General fund	$0	$11,409,412	$11,409,412
Minot State University - Bottineau			
Total all funds	$0	$4,169,664	$4,169,664
Less estimated income			
General fund	$0	$4,169,664	$4,169,664
Forest Service			
Total all funds	$2,915,258	($51,982)	$2,863,276
Less estimated income	1,090,001		1,090,001
General fund	$1,825,257	($51,982)	$1,773,275
Bill Total			
Total all funds	$470,462,616	$3,382,602	$473,845,218
Less estimated income	118,599,723	(4,541,948)	112,046,775
General fund	$353,903,893	$7,904,550	$361,808,443

House Bill No. 1003 - General Fund Summary

	EXECUTIVE BUDGET	HOUSE CHANGES	HOUSE VERSION
University System office	$362,078,636	($293,026,327)	$56,052,309
Bismarck State College		15,743,038	15,743,038
Lake Region State College		5,008,655	5,008,655
Williston State College		5,407,971	5,407,971
University of North Dakota		87,047,079	87,047,079
UND Medical Center		30,268,879	30,268,879
North Dakota State University		68,613,514	68,613,514
State College of Science		24,548,391	24,548,391
Dickinson State University		13,984,840	13,984,840
Mayville State University		8,614,424	8,614,424
Minot State University		26,166,992	26,166,992
Valley City State University		11,409,412	11,409,412
Minot State University - Bottineau		4,169,664	4,169,664
Forest Service	1,825,257	(51,982)	1,773,275
Total general fund	$363,903,893	$7,904,550	$361,808,443

Detail of House Changes to the General Fund

	ALLOCATES FUNDING FOR CAMPUS EXTRAORDINARY REPAIRS [1]	ALLOCATES FUNDING FOR MAJOR CAPITAL PROJECTS [2]	CORRECTS FUNDING FOR CAPITAL ASSETS [3]	ALLOCATES FUNDING FOR CAMPUS OPERATIONS [4]	DECREASES FUNDING FOR CAMPUS OPERATIONS [5]	ADDS BONDING AUTHORITY FOR MAJOR CAPITAL PROJECT [6]
University System office	($6,932,186)	($1,651,629)		($290,415,187)		
Bismarck State College	250,000			15,800,887	($307,849)	
Lake Region State College	44,831			5,062,456	(98,632)	
Williston State College	66,790			5,424,874	(105,693)	
University of North Dakota	2,362,136			86,270,626	(1,685,683)	
UND Medical Center				30,462,510	(586,631)	
North Dakota State University	1,737,531			68,204,819	(1,328,836)	
State College of Science	773,500			24,247,302	(472,411)	
Dickinson State University	393,962			13,860,931	(270,053)	
Mayville State University	214,589			8,515,748	(165,913)	
Minot State University	612,850			26,061,907	(507,765)	
Valley City State University	265,334			11,365,513	(221,435)	
Minot State University - Bottineau	112,663			4,137,614	(80,613)	
Forest Service					(33,857)	
Total general fund	($76,000)	($1,651,629)	$0	$0	($5,867,371)	$0

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	ALLOCATES FUNDING FROM BOARD INITIATIVES TO CAMPUS INITIATIVES 7	REMOVES FUNDING FOR SYSTEM INITIATIVES 8	REMOVES FUNDING FOR STUDENT INTERNSHIP PROGRAM 9	ALLOCATES FUNDING FOR STUDENT GRANT PROGRAMS AND CHANGES FUNDING SOURCE 10	INCREASES FUNDING FOR STUDENT FINANCIAL ASSISTANCE GRANTS 11	INCREASES FUNDING FOR CAMPUS OPERATIONS 12
University System office	($100,000)			$6,258,969		
Bismarck State College						
Lake Region State College						
Williston State College						
University of North Dakota	50,000					$50,000
UND Medical Center						395,000
North Dakota State University						
State College of Science						
Dickinson State University						
Mayville State University	50,000					
Minot State University						
Valley City State University						
Minot State University - Bottineau						
Forest Service						
Total general fund	$0	$0	$0	$6,258,969	$0	$445,000

	PROVIDES FUNDING FOR PROFESSIONAL LIABILITY INSURANCE COVERAGE	REMOVES RECOMMENDED SALARY INCREASE 13	INCREASES FUNDING FOR RESEARCH ACTIVITIES AND CHANGES FUNDING SOURCE 14	TOTAL GENERAL FUND CHANGES
University System office	$1,850,000	($36,294)	$7,000,000	($293,026,327)
Bismarck State College				15,743,038
Lake Region State College				5,008,655
Williston State College				5,407,971
University of North Dakota				87,047,079
UND Medical Center				30,266,879
North Dakota State University				66,613,514
State College of Science				24,548,391
Dickinson State University				13,984,840
Mayville State University				8,814,424
Minot State University				26,186,902
Valley City State University				11,409
Minot State University - Bottineau				4,169, 54
Forest Service		(18,125)		(51,062)
Total general fund	$1,850,000	($54,419)	$7,000,000	$7,904,550

House Bill No. 1003 - Other Funds Summary

	EXECUTIVE BUDGET	HOUSE CHANGES	HOUSE VERSION
University System office	$115,496,722	($110,143,215)	$5,355,507
Bismarck State College		1,785,000	1,785,000
Lake Region State College		375,000	375,000
Williston State College			
University of North Dakota		53,300,000	53,300,000
UND Medical Center			
North Dakota State University		26,000,000	26,000,000
State College of Science		3,668,920	3,668,920
Dickinson State University		10,882,047	10,882,047
Mayville State University		5,505,000	5,505,000
Minot State University			
Valley City State University		4,085,300	4,085,300
Minot State University - Bottineau			
Forest Service	1,090,001		1,090,001
Total other funds	$116,586,723	($4,541,948)	$112,046,775

Detail of House Changes to Other Funds

	ALLOCATES FUNDING FOR CAMPUS EXTRAORDINARY REPAIRS 1	ALLOCATES FUNDING FOR MAJOR CAPITAL PROJECTS 2	CORRECTS FUNDING FOR CAPITAL ASSETS 3	ALLOCATES FUNDING FOR CAMPUS OPERATIONS 4	DECREASES FUNDING FOR CAMPUS OPERATIONS 5	ADDS BONDING AUTHORITY FOR MAJOR CAPITAL PROJECT 6
University System office		($94,278,920)	($105,326)			
Bismarck State College		1,785,000				
Lake Region State College		375,000				
Williston State College						
University of North Dakota		53,300,000				
UND Medical Center						
North Dakota State University		26,000,000				

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State College of Science		3,668,920				
Dickinson State University		6,000,000				$5,882,047
Mayville State University		4,150,000				1,355,000
Minot State University						
Valley City State University						4,085,300
Minot State University - Bottineau						
Forest Service						
Total other funds	$0	$0	($105,326)	$0	$0	$11,322,347

	ALLOCATES FUNDING FROM BOARD INITIATIVES TO CAMPUS INITIATIVES [7]	REMOVES FUNDING FOR SYSTEM INITIATIVES [8]	REMOVES FUNDING FOR STUDENT INTERNSHIP PROGRAM [9]	ALLOCATES FUNDING FOR STUDENT GRANT PROGRAMS AND CHANGES FUNDING SOURCE [10]	INCREASES FUNDING FOR STUDENT FINANCIAL ASSISTANCE GRANTS [11]	INCREARES FUNDING FOR CAMPUS OPERATIONS [12]
University System office		($5,000,000)	($2,000,000)	($6,258,969)	$1,500,000	
Bismarck State College						
Lake Region State College						
Williston State College						
University of North Dakota						
UND Medical Center						
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						
Total other funds	$0	($5,000,000)	($2,000,000)	($6,258,969)	$1,500,000	$0

	PROVIDES FUNDING FOR PROFESSIONAL LIABILITY INSURANCE COVERAGE	REMOVES RECOMMENDED SALARY INCREASE [13]	INCREASES FUNDING FOR RESEARCH ACTIVITIES AND CHANGES FUNDING SOURCE [14]	TOTAL OTHER FUNDS CHANGES
University System office			($4,000,000)	($110,143,215)
Bismarck State College				1,785,000
Lake Region State College				375,000
Williston State College				
University of North Dakota				53,300,000
UND Medical Center				
North Dakota State University				26,000,000
State College of Science				3,668,920
Dickinson State University				10,882,047
Mayville State University				5,505,000
Minot State University				
Valley City State University				4,085,300
Minot State University - Bottineau				
Forest Service				
Total other funds	$0	$0	($4,000,000)	($4,541,948)

House Bill No. 1003 - All Funds Summary

	EXECUTIVE BUDGET	HOUSE CHANGES	HOUSE VERSION
University System office	$467,577,358	($403,169,542)	$64,407,816
Bismarck State College		17,528,038	17,528,038
Lake Region State College		5,383,655	5,383,655
Williston State College		5,407,971	5,407,971
University of North Dakota		140,347,079	140,347,079
UND Medical Center		30,268,879	30,268,879
North Dakota State University		94,613,514	94,613,514
State College of Science		28,217,311	28,217,311
Dickinson State University		24,866,887	24,866,887
Mayville State University		14,119,424	14,119,424
Minot State University		26,166,992	26,166,992
Valley City State University		15,494,712	15,494,712
Minot State University - Bottineau		4,169,664	4,169,664
Forest Service	2,915,258	(51,982)	2,863,276
Total all funds	$470,492,616	$3,362,602	$473,855,218
FTE	2,400.38	0.00	2,400.38

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Detail of House Changes to All Funds

	ALLOCATES FUNDING FOR CAMPUS EXTRAORDINARY REPAIRS [1]	ALLOCATES FUNDING FOR MAJOR CAPITAL PROJECTS [2]	CORRECTS FUNDING FOR CAPITAL ASSETS [3]	ALLOCATES FUNDING FOR CAMPUS OPERATIONS [4]	DECREASES FUNDING FOR CAMPUS OPERATIONS [5]	ADDS BONDING AUTHORITY FOR MAJOR CAPITAL PROJECT [6]
University System office	($6,932,186)	($95,930,549)	($105,326)	($299,415,187)		
Bismarck State College	250,000	1,785,000		15,600,887	($307,849)	
Lake Region State College	44,831	375,000		5,062,456	(98,632)	
Williston State College	88,790			5,424,874	(105,693)	
University of North Dakota	2,362,136	53,300,000		86,270,626	(1,685,683)	
UND Medical Center				30,462,510	(595,631)	
North Dakota State University	1,737,531	26,000,000		68,204,819	(1,328,836)	
State College of Science	773,500	3,668,920		24,247,302	(472,411)	
Dickinson State University	393,962	5,000,000		13,860,931	(270,063)	$5,662,047
Mayville State University	214,589	4,150,000		8,515,748	(165,913)	1,355,000
Minot State University	612,850			26,061,907	(507,765)	
Valley City State University	265,334			11,365,513	(221,435)	4,085,300
Minot State University - Bottineau	112,663			4,137,614	(80,613)	
Forest Service					(33,857)	
Total all funds	($76,000)	($1,651,629)	($105,326)	$0	($5,867,371)	$11,322,347
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	ALLOCATES FUNDING FROM BOARD INITIATIVES TO CAMPUS INITIATIVES [7]	REMOVES FUNDING FOR SYSTEM INITIATIVES [8]	REMOVES FUNDING FOR STUDENT INTERNSHIP PROGRAM [9]	ALLOCATES FUNDING FOR STUDENT GRANT PROGRAMS AND CHANGES FUNDING SOURCE [10]	INCREASES FUNDING FOR STUDENT FINANCIAL ASSISTANCE GRANTS [11]	INCREASES FUNDING FOR CAMPUS OPERATIONS [12]
University System office	($100,000)	($5,000,000)	($2,000,000)		$1,500,000	
Bismarck State College						
Lake Region State College						
Williston State College						
University of North Dakota	50,000					$50,000
UND Medical Center						395,000
North Dakota State University						
State College of Science						
Dickinson State University						
Mayville State University	50,000					
Minot State University						
Valley City State University						
Minot State University - Bottineau						
Forest Service						
Total all funds	$0	($5,000,000)	($2,000,000)	$0	$1,500,000	$445,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	PROVIDES FUNDING FOR PROFESSIONAL LIABILITY INSURANCE COVERAGE	REMOVES RECOMMENDED SALARY INCREASE [13]	INCREASES FUNDING FOR RESEARCH ACTIVITIES AND CHANGES FUNDING SOURCE [14]	TOTAL ALL FUNDS CHANGES
University System office	$1,850,000	($36,294)	$3,000,000	($403,169,542)
Bismarck State College				17,528,038
Lake Region State College				5,383,655
Williston State College				5,407,971
University of North Dakota				140,347,079
UND Medical Center				30,266,879
North Dakota State University				94,613,514
State College of Science				28,217,311
Dickinson State University				24,866,887
Mayville State University				14,119,424
Minot State University				26,166,992
Valley City State University				15,494,712
Minot State University - Bottineau				4,169,664
Forest Service		(15,125)		(51,982)
Total all funds	$1,850,000	($54,419)	$3,000,000	$3,362,602
FTE	0.00	0.00	0.00	0.00

[1] The executive budget recommendation for the University System office capital assets line item includes funding of $6,932,186 from the general fund for campus extraordinary repairs. This amendment allocates the funding of $6,856,186 to individual higher education institutions based on the institutions' 2003-05 hold-even capital assets budget request and reduces funding from the general fund by $76,000.

[2] This amendment removes funding of $1,651,629 from the general fund from the capital assets line item provided in the executive budget recommendation for the State Board of Higher Education to allocate for major capital projects, and the amendment allocates $94,278,920 of special funds provided for major capital projects from the capital assets line item to individual higher education institutions.

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3 The executive budget recommendation includes funding of $3,134,517 from bonding proceeds for energy improvement projects at North Dakota State University ($1,077,977) and the University of North Dakota ($1,951,214) and inadvertently includes funding of $105,326 for an energy improvement project at the Department of Corrections and Rehabilitation. Therefore, this amendment removes the funding inadvertently included for an energy improvement project at the Department of Corrections and Rehabilitation.

4 The executive budget recommendation consolidates the funding for the support of the operations of the higher education institutions in the University System office line item campus operations. This amendment allocates the funding of $299,415,187 from the general fund provided in the University System office campus operations line item to the individual higher education institutions.

5 This amendment decreases funding for higher education institutions and the Forest Service's operations budgets by a total of $5,867,371 from the general fund.

6 This amendment authorizes the Industrial Commission to issue bonds totaling $8,022,347 for construction costs associated with the following projects:

Dickinson State University	Murphy Hall Phase I addition	$5,882,047
Valley City State University	Graichen Gymnasium elevator and emergency exits	$785,300
Mayville State University	Steamline replacement Phase II	$1,355,000

In relation, this amendment establishes an escrow account for the purpose of making the first two annual lease rental payments for retirement of the bonds. The escrow account is to consist of up to $1,310,000 transferred from the general fund amounts appropriated for capital assets in subdivision 1 of Section 1 and $250,000 provided as local responsibility from other Dickinson State University fund sources.

In addition, this amendment authorizes the State Board of Higher Education to issue revenue bonds in the amount of $3,300,000 for renovation of Kolstoe Hall at Valley City State University.

7 This amendment allocates funding of $100,000 from the general fund from the board initiatives line item to the University of North Dakota for the university's Nordic initiative ($50,000) and to Mayville State University for improvements in Old Main ($50,000).

8 This amendment removes funding of $5 million from the student loan trust fund for system initiatives. The funding was to be allocated by the State Board of Higher Education to establish centers of excellence at higher education institutions.

9 This amendment removes funding of $2 million from the student loan trust fund for a new student internship program to support internships for students entering growth industries that have critical shortages of available employees.

10 This amendment allocates funding from the student grant programs line item to separate program line items--student financial assistance grants, professional student exchange program, scholars program, Native American scholarships, and education incentive programs and changes the funding source for the programs from primarily the student loan trust fund to primarily the general fund.

11 This amendment increases special funds spending authority for the student financial assistance grants by $1.5 million relating to the potential payments that may be received under the North Dakota-Minnesota reciprocity agreement.

12 This amendment increases funding for the University of North Dakota by $50,000 from the general fund for a grant to the University of North Dakota Athletic Department for a Canadian marketing initiative relating to the 2005 World Junior Hockey Tournament ($50,000). The amendment also increases funding for the University of North Dakota Medical School by $395,000 from the general fund.

13 This amendment removes the Governor's recommendation for state employee salary increases and retains the recommended state payment for health insurance premiums. This only affects the North Dakota University System office and the Forest Service. The executive budget recommendation included no funding for recommended salary increases and health insurance increases for higher education institutions.

14 This amendment changes the funding source for competitive research from $4 million from the student loan trust fund to $4 million from the general fund and increases the funding from the general fund by $1 million, from $4 million to $5 million. The amendment also provides $2 million from the general fund for centers for excellence.

House Bill No. 1003 - Other Changes - House Action

This amendment also:

- Removes Sections 3, 4, and 5 of the bill as introduced relating to the system initiatives, campus operations, and student grant program line items as the line items are removed in the amendment.
- Amends Section 6 of the bill as introduced to clarify language regarding funding included in the University System office capital assets line item.
- Removes Section 13 of the bill as introduced relating to higher education institutions' transfer authority.
- Removes Section 16 of the bill relating to appropriations from the student loan trust fund.
- Amends Section 17 of the bill as introduced to provide revenue bond authority and appropriate revenue bond proceeds for the following projects:

Bismarck State College - Student apartments	$1,785,000
Lake Region State College - North Hall residence hall renovation	$375,000
Mayville State University - Fieldhouse renovation and addition	$3,000,000
North Dakota State University - Bison Court construction	$11,000,000
University of North Dakota - Airport hangar	$2,000,000
University of North Dakota - Wellness Center	$8,000,000
University of North Dakota - Athletic complex	$13,000,000
Valley City State University - Kolstoe Hall renovation	$3,300,000

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The section is also amended to appropriate $1 million of special funds to Mayville State University for additional funds to assist in the renovation and addition of the fieldhouse.

- Adds a section providing for the allocation of student financial assistance grant funds.
- Adds a section providing a transfer of $13,258,969 from the student loan trust to the general fund.
- Adds a section of legislative intent regarding the use of funds appropriated to the North Dakota University System office for competitive research - centers for excellence.
- Amends North Dakota Century Code Section 15-10-08 relating to the compensation for members of the State Board of Higher Education.
- Incorporates the provisions of House Bill No. 1039 relating to the appropriation of higher education special funds, House Bill No. 1040 relating to the carryover of unexpended higher education appropriations, House Bill No. 1041 relating to the University System budget request and appropriations bill that would expire on June 30, 2005, and House Bill No. 1042 relating to higher education accountability measures.

The following is a summary of the funding recommended for higher education in the executive budget and the funding included in this amendment:

	2003-05 EXECUTIVE BUDGET	PROPOSED AMENDMENT	INCREASE (DECREASE)
General fund appropriation	$353,903,893	$348,648,474	($5,364,419)
General fund appropriation relating to funding transferred from the student loan trust fund		13,258,969[1]	13,258,969
Total	$353,903,893	$361,908,443	$7,904,550

[1] The executive budget recommended $17,258,969 from the student loan trust fund.

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Yolanda Rickford 9/30/03
Operator's Signature Date

38003.0110
Title.0200
Fiscal No. 6

Prepared by the Legislative Council staff for
House Appropriations
February 17, 2003

VR
2/18/03
1 of 19

HOUSE AMENDMENTS TO HOUSE BILL NO. 1003 **APP 2-18-03**

Page 1, line 3, after "projects" insert "; to authorize the industrial commission to issue and sell bonds for capital projects; to provide statements of legislative intent; to provide for a general fund transfer; to amend and reenact sections 15-10-08, 15-10-12, 54-44.1-04, 54-44.1-06, and 54-44.1-11 of the North Dakota Century Code, relating to compensation of state board of higher education members, higher education institutions' special revenue funds, budget requests and block grant appropriations, and unexpended appropriations"

Page 1, line 13, remove "AND INSTITUTIONS"

Page 1, line 14, replace "117,068,750" with "14,100,689"

Page 1, line 15, replace "program" with "and centers for excellence" and replace "4,000,000" with "7,000,000"

Page 1, line 16, replace "535,306" with "435,306"

Page 1, line 17, replace "4,512,642" with "4,479,337"

Page 1, line 19, replace "26,138,137" with "26,135,148"

Page 1, replace lines 21 through 23 with:

"Professional liability insurance	1,850,000
Student financial assistance grants	4,430,215
Professional student exchange program	1,678,300
Scholars program	816,368
Native American scholarships	204,086
Education incentive programs	830,000"

Page 1, line 24, replace "467,577,358" with "64,407,816"

HOUSE AMENDMENTS TO HB. 1003 **APP** **2-18-03**

Page 2, line 1, replace "115,498,722" with "5,355,507"

Page 2, line 2, replace "352,078,636" with "59,052,309"

Page 2, after line 3, insert:

"BISMARCK STATE COLLEGE

Capital assets	$250,000
Operations	15,493,038
General fund appropriation	$15,743,038

Subdivision 3.

LAKE REGION STATE COLLEGE

Capital assets	$44,831
Operations	4,963,824
General fund appropriation	$5,008,655

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Subdivision 4.

WILLISTON STATE COLLEGE

Capital assets	$88,790
Operations	5,319,181
General fund appropriation	$5,407,971

Subdivision 5.

UNIVERSITY OF NORTH DAKOTA

Capital assets	$32,662,136
Operations	84,584,943
Nordic initiative	50,000
Marketing initiative	50,000
Total all funds	$117,347,079
Less estimated income	30,300,000
General fund appropriation	$87,047,079

Subdivision 6.

NORTH DAKOTA STATE UNIVERSITY

Capital assets	$16,737,531
Operations	66,875,983
Total all funds	$83,613,514
Less estimated income	15,000,000
General fund appropriation	$68,613,514

Subdivision 7.

NORTH DAKOTA STATE COLLEGE OF SCIENCE

Capital assets	$4,442,420
Operations	23,774,891
Total all funds	$28,217,311
Less estimated income	3,668,920
General fund appropriation	$24,548,391

Subdivision 8.

DICKINSON STATE UNIVERSITY

Capital assets	$5,393,962
Operations	13,590,878
Total all funds	$18,984,840
Less estimated income	5,000,000
General fund appropriation	$13,984,840

Subdivision 9.

MAYVILLE STATE UNIVERSITY

Capital assets	$364,589
Operations	8,349,835
Old main improvement	50,000
Total all funds	$8,764,424
Less estimated income	150,000
General fund appropriation	$8,614,424

Subdivision 10.

MINOT STATE UNIVERSITY

Capital assets	$612,850

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Operations	25,554,142
General fund appropriation	$26,166,992

Subdivision 11.

VALLEY CITY STATE UNIVERSITY

Capital assets	$265,334
Operations	11,144,078
General fund appropriation	$11,409,412

Subdivision 12.

MINOT STATE UNIVERSITY - BOTTINEAU

Capital assets	$112,663
Operations	4,057,001
General fund appropriation	$4,169,664

Subdivision 13.

UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH SCIENCES

Operations	$30,268,879
General fund appropriation	$30,268,879

Subdivision 14."

Page 2, line 6, replace "2,769,197" with "2,717,215"

Page 2, line 7, replace "2,915,258" with "2,863,276"

Page 2, line 9, replace "1,825,257" with "1,773,275"

Page 2, line 10, replace "353,903,893" with "361,808,443"

Page 2, line 11, replace "116,588,723" with "112,046,775"

Page 2, line 12, replace "470,492,616" with "473,855,218"

Page 2, line 13, replace "$535,306" with "$435,306"

Page 2, remove lines 18 through 30

HOUSE AMENDMENTS TO HB 1003 APP 2-18-03

Page 3, remove lines 1 through 12

Page 3, line 13, replace "$117,068,750" with "$14,100,689"

Page 3, line 15, remove "as determined"

Page 3, line 16, replace ", the payment of special assessments, and the repair and construction of" with "and by the industrial commission to establish an escrow account as authorized in section 15 of this Act."

Page 3, remove lines 17 through 28

Page 3, line 29, replace "$26,138,137" with "$26,135,148"

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HOUSE AMENDMENTS TO HB 1003 **APP 2-18-03**

Page 4, remove lines 29 through 31

HOUSE AMENDMENTS TO HB 1003 **APP 2-18-03**

Page 5, remove lines 1 through 3

Page 5, remove lines 18 through 22

Page 5, line 23, after "**PURPOSES**" insert " **- APPROPRIATION**"

Page 5, line 31, after "issued" insert ", and the proceeds are appropriated, for the biennium beginning July 1, 2003, and ending June 30, 2005," and after the colon insert:

"Bismarck state college - Student apartments	$1,785,000"

HOUSE AMENDMENTS TO HB 1003 **APP 2-18-03**

Page 6, after line 1, insert:

"Mayville state university - Fieldhouse renovation and addition	$3,000,000
University of North Dakota - Airport hangar	$2,000,000
University of North Dakota - Wellness center	$8,000,000
University of North Dakota - Athletic complex	$13,000,000
Valley City state university - Kolstoe hall renovation	$3,300,000"

Page 6, after line 2, insert:

"Mayville state university may obtain and utilize special funds to assist in the renovation and addition of the fieldhouse. There is appropriated to Mayville state university the sum of $1,000,000, or so much as may be necessary, from any other funds that may become available for this project, for the biennium beginning July 1, 2003, and ending June 30, 2005.

Total special funds appropriation $43,460,000

SECTION 13. PROJECT AUTHORIZATIONS. The industrial commission, acting as the North Dakota building authority, shall arrange for the funding of the projects authorized in this section, hereby declared to be in the public interest, through the issuance of evidences of indebtedness under chapter 54-17.2, during the biennium beginning July 1, 2003, and ending June 30, 2005. The proceeds of the evidences of indebtedness and other available funds are hereby appropriated during the biennium beginning July 1, 2003, and ending June 30, 2005, for the following projects:

Dickinson state university	Murphy hall phase I addition	$5,882,047
Valley City state university	Graichen gymnasium elevator and emergency exits	$785,300
Mayville state university	Steamline replacement phase II	$1,355,000

The industrial commission shall issue evidences of indebtedness under this section with the condition that lease rental payments need not begin until July 1, 2005. This authority of the industrial commission to issue evidences of indebtedness ends June 30, 2005, but the industrial commission may continue to exercise all other powers granted to it under chapter 54-17.2 and this Act and to comply with any covenants entered into before that date.

Grand total special funds appropriation $8,022,347

SECTION 14. BOND ISSUANCE REPAYMENT RESPONSIBILITY - LIMITATION IN SECTION 54-17.2-23. The industrial commission shall establish an escrow account for receipt of the first two annual lease rental payments for the

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retirement of the evidences of indebtedness issued for the project costs associated with the construction of the projects authorized by section 13 of this Act. The escrow account is established to address the general fund lease limitations of section 54-17.2-23 during the 2005-07 biennium. The escrow account consists of $1,310,000, or so much thereof as may be necessary, transferred from the general fund amounts appropriated for capital assets in subdivision 1 of section 1 of this Act and $250,000 provided as local responsibility from other Dickinson state university fund sources.

SECTION 15. STUDENT FINANCIAL ASSISTANCE GRANTS. The funds appropriated for student financial assistance grants in section 1 of this Act must be allocated not less than twenty percent to students at private baccalaureate degree granting institutions with the remaining funds allocated to students at public and native American institutions.

SECTION 16. LEGISLATIVE INTENT - HIGHER EDUCATION ACCOUNTABILITY MEASURES. It is the intent of the legislative assembly that the board of higher education's performance and accountability report as required by section 15-10-14.2 include an executive summary and information regarding:

1. Education excellence, including:
   a. Student performance on nationally recognized exams in their major fields compared to the national averages.
   b. First-time licensure pass rates compared to other states.
   c. Alumni-reported and student-reported satisfaction with preparation in selected major, acquisition of specific skills, and technology knowledge and abilities.
   d. Employer-reported satisfaction with preparation of recently hired graduates.
   e. Biennial report on employee satisfaction relating to the university system and local institutions.
   f. Ratio of faculty and staff to students.
   g. Student graduation and retention rates.
2. Economic development, including:
   a. Enrollment in entrepreneurship courses and the number of graduates of entrepreneurship programs.
   b. Percentage of university system graduates obtaining employment appropriate to their education in the state.
   c. Number of businesses and employees in the region receiving training.
   d. Number of students employed in major field of study six months and eighteen months after graduation.
3. Student access, including:
   a. Proportion of residents of the state who are within a forty-five-minute drive of a location at which they can receive educational programs from a provider.

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b. Number and proportion of enrollments in courses offered by nontraditional methods.

4. Student affordability, including:

a. Tuition and fees on a per student basis compared to the regional average.

b. Tuition and fees as a percentage of median North Dakota household income.

c. Cost per student in terms of general fund appropriations and total university system funding.

d. Average number of semesters completed per baccalaureate degree graduate.

e. Administrative, instructional, and other cost per student.

f. Per capita general fund appropriations for higher education.

g. State general fund appropriation levels for university system institutions compared to peer institutions general fund appropriation levels.

5. Financial operations, including:

a. Percentage of total university system funding used for instruction, research, and public service.

b. Percentage of total university system funding used for institutional support, operations, and maintenance of physical plant.

c. Ratio measuring the funding derived from operating and contributed income compared to total university system funding.

d. Deferred maintenance ratio measuring the size of the university system's outstanding maintenance as compared to its expendable net assets.

e. Viability ratio measuring the amount of expendable net assets as compared to the amount of long-term debt.

f. Research expenditures in proportion to the amount of revenue generated by research activity and funding received for research activity.

g. New construction and major renovation capital projects for which specific appropriations are made, including budget to actual comparison, use of third-party funding, and related debt.

SECTION 17. GENERAL FUND TRANSFER. The industrial commission shall transfer to the general fund the sum of $13,258,969 from the North Dakota student loan trust. The moneys must be transferred as requested by the director of the office of management and budget during the biennium beginning July 1, 2003, and ending June 30, 2005, and upon certification by the student loan trust trustee that sufficient moneys remain available to pay all debt service on student loan trust bonds, all required rebate payments to the United States treasury, and all program operating expenses.

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SECTION 18. COMPETITIVE RESEARCH - CENTERS FOR EXCELLENCE. The competitive research and centers for excellence line item in subdivision 1 of section 1 of this Act includes $5,000,000 for the competitive research program and $2,000,000 for public private partnership research efforts that focus on research that will have a positive impact on the state's economy and gross state product including research efforts that emphasize aerospace, biotechnology, energy, medicine, and technology transfer.

SECTION 19. AMENDMENT. Section 15-10-08 of the North Dakota Century Code is amended and reenacted as follows:

15-10-08. Compensation of board members - Expenses - Legislative appropriations. Each member of the state board of higher education, except the student member, is entitled to receive as compensation ~~sixty-two~~ one hundred dollars ~~and fifty cents~~ per day for each calendar day actually spent devoted to the duties of office, and necessary expenses in the same manner and amounts as other state officials for attending meetings and performing other functions of office. The legislative assembly shall provide adequate funds to carry out the functions and duties of the board.

SECTION 20. AMENDMENT. Section 15-10-12 of the North Dakota Century Code is amended and reenacted as follows:

15-10-12. (Effective through June 30, ~~2003~~ 2005) Board may accept gifts and bequests - Deposit and appropriation of institutional funds. Subject to the limitations of section 15-10-12.1, the state board of higher education may receive donations, gifts, grants, and bequests offered or tendered to or for the benefit of any institution of higher education under its control or subject to its administration, and all moneys coming into the hands of the board as donations, gifts, grants, and bequests must be used for the specific purpose for which they are donated or given. A special revenue fund, for each institution of higher education under the control of the board or subject to its administration, must be maintained within the state treasury. All rent, interest, or income from land, money, or property, donated or granted by the United States and allocated to specific institutions of higher learning under the terms of the Enabling Act and the Constitution of North Dakota must be deposited in the special revenue fund of each institution and expended in accordance with section 1 of article IX of the Constitution of North Dakota. All other funds, unless restricted by the terms of a grant, donation, or bequest, received by the institutions from federal, state, and local grants and contracts, indirect cost recoveries, tuition, special student fees, room and board fees and other auxiliary enterprise fees, student activity fees, continuing education program fees, internal service fund revenues, and all other revenues must be deposited in the institution special revenue funds. The state treasurer shall immediately transfer the funds deposited in the special revenue funds to institution accounts in the Bank of North Dakota. Biennial estimates of revenue and expenditures of the other funds by source of funds must be presented at the same time biennial budget requests for appropriations from the special revenue fund and state general fund are prepared and submitted to the office of the budget ~~pursuant to section 15-10-15~~. Payments from each institution's general fund appropriation must be made in amounts as may be necessary for the operation and maintenance of each institution. The funds in the institution accounts are appropriated on a continuing basis to the state board of higher education. All such appropriations are subject to proration in the same manner as other appropriations are prorated if insufficient funds are available to meet expenditures from the general fund. Sinking funds for the payment of interest and principal of institutional revenue bonds must be deposited pursuant to section 15-55-06.

(Effective after June 30, ~~2003~~ 2005) Board may accept gifts and bequests - Deposit of funds. The state board of higher education may, subject to the limitations of section 15-10-12.1, receive donations, gifts, grants, and bequests offered or tendered to or for the benefit of any institution of higher education under its control or subject to its administration, and all moneys coming into the hands of the board as donations,

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gifts, grants, and bequests must be used for the specific purpose for which they are donated or given. A special revenue fund, for each institution of higher education under the control of the board or subject to its administration, must be maintained within the state treasury and all institutional income from tuition collections must be placed in the special fund for the use of the institution for which the money was raised. All rent, interest, or income from land, money, or property, donated or granted by the United States and allocated to specific institutions of higher learning under the terms of the Enabling Act and the Constitution of North Dakota must be deposited in the special revenue fund of each institution and expended in accordance with section 1 of article IX of the Constitution of North Dakota. Moneys in the special revenue fund are subject to legislative appropriations. All other funds, unless restricted by the terms of a grant, donation, or bequest, received by the institutions from federal, state, and local grants and contracts, indirect cost recoveries, special student fees, room and board fees and other auxiliary enterprise fees, student activity fees, continuing education program fees, internal service fund revenues, and all other revenues must be deposited in the institution special revenue funds. The state treasurer shall immediately transfer the funds deposited in the special revenue funds to institution accounts in the Bank of North Dakota. Biennial estimates of revenue and expenditures of the other funds by source of funds must be presented at the same time biennial budget requests for appropriations from the special revenue fund and state general fund are prepared and submitted to the office of the budget ~~pursuant to section 15-10-15~~. Payments from each institution's general fund appropriation must be made in amounts as may be necessary for the operation and maintenance of each institution, except that at the close of the biennium the balance of funds not paid from the general fund appropriation must be deposited in the special revenue funds of the institutions. All such appropriations are subject to proration in the same manner as other appropriations are prorated if insufficient funds are available to meet expenditures from the general fund. Sinking funds for the payment of interest and principal of institutional revenue bonds must be deposited pursuant to section 15-55-06.

SECTION 21. AMENDMENT. Section 54-44.1-04 of the North Dakota Century Code is amended and reenacted as follows:

54-44.1-04. (Effective through June 30, ~~2003~~ 2005) Budget estimates of budget units filed with the office of the budget - Deadline. The head of each budget unit, not later than July fifteenth of each year next preceding the session of the legislative assembly, shall submit to the office of the budget, estimates of financial requirements of the person's budget unit for the next two fiscal years, on the forms and in the manner prescribed by the office of the budget, with such explanatory data as is required by the office of the budget and such additional data as the head of the budget unit wishes to submit. The budget estimates for the North Dakota university system must include block grants for the university system for a base funding component and for an initiative funding component for specific strategies or initiatives and a budget estimate for an asset funding component for renewal and replacement of physical plant assets at the institutions of higher education. The estimates so submitted must bear the approval of the board or commission of each budget unit for which a board or commission is constituted. The director of the budget in the director's discretion may extend the filing date for any budget unit if the director finds there is some circumstance ~~which~~ that makes it advantageous to authorize the extension. If a budget unit has not submitted its estimate of financial requirements by the required date or within a period of extension set by the director of the budget, the director of the budget shall prepare ~~such~~ the budget unit's estimate of financial requirements except ~~such~~ the estimate may not exceed ninety percent of ~~such~~ the budget unit's previous biennial appropriation. The director of the budget or ~~such~~ a subordinate officer as the director designates shall examine the estimates and shall afford to the heads of budget units reasonable opportunity for explanation in regard thereto and, when requested, shall grant to the heads of budget units a hearing thereon which must be open to the public.

(Effective after June 30, ~~2003~~ 2005) Budget estimates of budget units filed with the office of the budget - Deadline. The head of each budget unit, not later than

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July fifteenth of each year next preceding the session of the legislative assembly, shall submit to the office of the budget, estimates of financial requirements of the person's budget unit for the next two fiscal years, on the forms and in the manner prescribed by the office of the budget, with such explanatory data as is required by the office of the budget and such additional data as the head of the budget unit wishes to submit. The estimates so submitted must bear the approval of the board or commission of each budget unit for which a board or commission is constituted. The director of the budget may extend the filing date for any budget unit if the director finds there is some circumstance ~~which~~ that makes it advantageous to authorize the extension. If a budget unit has not submitted its estimate of financial requirements by the required date or within a period of extension set by the director of the budget, the director of the budget shall prepare ~~such~~ the budget unit's estimate of financial requirements except ~~such~~ the estimate may not exceed ninety percent of ~~such~~ the budget unit's previous biennial appropriation. The director of the budget or ~~such~~ a subordinate officer as the director shall designate shall examine the estimates and shall afford to the heads of budget units reasonable opportunity for explanation in regard thereto and, when requested, shall grant to the heads of budget units a hearing thereon which must be open to the public.

SECTION 22. AMENDMENT. Section 54-44.1-06 of the North Dakota Century Code is amended and reenacted as follows:

54-44.1-06. (Effective through June 30, ~~2003~~ 2005) Preparation of the budget data - Contents. The director of the budget, through the office of the budget, shall prepare budget data which must contain and include the following:

1. Summary statements of the financial condition of the state, accompanied by ~~such~~ the detailed schedules of assets and liabilities as the director of the budget ~~deems~~ determines desirable, which ~~shall~~ must include~~, but not be limited to,~~ the following:

   a. Summary statements of fund balances and assets showing in detail for each fund the surplus or deficit at the beginning of each of the two fiscal years of the previous biennium and the first fiscal year of the present biennium, the actual revenue for those years, the total appropriations for the previous and present biennium, and the total expenditures for those fiscal years; and

   b. Similar summary statements of the estimated fund balances and assets for the current fiscal year and each of the fiscal years of the next biennium.

   Summary statements may include~~, but not be limited to,~~ a comparative consolidated balance sheet showing all the assets and liabilities of the state and the surplus or deficit, as the case may be, at the close of the first fiscal year of the current biennium.

2. Statements of actual revenue for the previous biennium, the first year of the present biennium, and the estimated revenue of the current fiscal year and of the next biennium, and a statement of unappropriated surplus expected to have accrued in the state treasury at the beginning of the next fiscal year. The statements of revenue and estimated revenue must be classified by sources and by budget unit collecting them. Existing sources of revenue must be analyzed as to their equity, productivity, and need for revision, and any proposed new sources of revenue must be explained.

3. Summary statements of expenditures of the previous biennium and first year of the present biennium, itemized by budget units and classified as prescribed by the director of the budget.

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4. Detailed comparative statements of expenditures and requests for appropriations by funds, budget units and classification of expenditures, showing the expenditures for the previous biennium, the first fiscal year of the present biennium, the budget of the current biennium, and the governor's recommendation for appropriations for each budget unit for the next biennium, all distributed according to the prescribed classification of expenditures. Following the lists of actual and proposed expenditures of each budget unit there must be a brief explanation of the functions of the unit and comments on its policies and plans and on any considerable differences among the amounts recommended, with ~~such~~ any descriptive, quantitative, comparative, and other data as to work done, unit costs, and like information as may be considered necessary or desirable. For capital outlay expenditures involving construction projects to be completed in two or more fiscal years, there must be shown the total estimated cost of each such project and the amount thereof recommended to be appropriated and expended in each ensuing fiscal year until completion of the project. Capital outlay needs may be projected for at least two years beyond the period covered by the budget.

5. A detailed statement showing the estimate of all moneys required to be raised or appropriated for the payment of interest upon the funded debt of the state and its other obligations bearing interest, and the amount of money required to be contributed in the two next ensuing fiscal years to the general sinking funds maintained for the redemption and payment of the debts of the state.

6. A summary statement of the unappropriated fund balance estimated to be available at the beginning of the next biennium, and the estimated revenue of the next biennium, as compared with the total recommended amounts of appropriation for all classes of expenditures for the next biennium, and if the total of the recommended expenditures exceeds the total of the estimated resources, recommendations as to how the deficiency is to be met and estimates of any proposed additional revenue.

7. Drafts of proposed general and special appropriations acts embodying the budget data and recommendations of the governor for appropriations for the next biennium and drafts of such revenues and other acts recommended by the governor for putting into effect the proposed financial plan. The recommended general appropriation for each budget unit must be specified in a separate section of the general appropriations act. The draft of the proposed appropriations act for the North Dakota university system must include block grants for a base funding appropriation and for an initiative funding appropriation for specific strategies or initiatives and an appropriation for asset funding for renewal and replacement of physical plant assets at the institutions of higher education ~~in the format approved by the fifty-seventh legislative assembly~~.

8. A list of every individual asset or service, excluding real estate, with a value of at least fifty thousand dollars and every group of assets and services comprising a single system with a combined value of at least fifty thousand dollars acquired through a capital or operating lease arrangement or debt financing arrangement by a state agency or institution. The list must include assets or services acquired in the current biennium and anticipated assets or services to be acquired in the next biennium.

9. ~~Such~~ Any other information as the director of the budget ~~deems~~ determines desirable or as is required by law.

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(Effective after June 30, ~~2003~~ 2005) Preparation of the budget data - Contents. The director of the budget, through the office of the budget, shall prepare budget data which must contain and include the following:

1. Summary statements of the financial condition of the state, accompanied by ~~such~~ the detailed schedules of assets and liabilities as the director of the budget ~~deems~~ determines desirable, which ~~shall~~ must include~~, but not be limited to,~~ the following:

   a. Summary statements of fund balances and assets showing in detail for each fund the surplus or deficit at the beginning of each of the two fiscal years of the previous biennium and the first fiscal year of the present biennium, the actual revenue for those years, the total appropriations for the previous and present biennium, and the total expenditures for those fiscal years; and

   b. Similar summary statements of the estimated fund balances and assets for the current fiscal year and each of the fiscal years of the next biennium.

   Summary statements may include~~, but not be limited to,~~ a comparative consolidated balance sheet showing all the assets and liabilities of the state and the surplus or deficit, as the case may be, at the close of the first fiscal year of the current biennium.

2. Statements of actual revenue for the previous biennium, the first year of the present biennium, and the estimated revenue of the current fiscal year and of the next biennium, and a statement of unappropriated surplus expected to have accrued in the state treasury at the beginning of the next fiscal year. The statements of revenue and estimated revenue must be classified by sources and by budget unit collecting them. Existing sources of revenue must be analyzed as to their equity, productivity, and need for revision, and any proposed new sources of revenue must be explained.

3. Summary statements of expenditures of the previous biennium and first year of the present biennium, itemized by budget units and classified as prescribed by the director of the budget.

4. Detailed comparative statements of expenditures and requests for appropriations by funds, budget units and classification of expenditures, showing the expenditures for the previous biennium, the first fiscal year of the present biennium, the budget of the current biennium, and the governor's recommendation for appropriations for each budget unit for the next biennium, all distributed according to the prescribed classification of expenditures. Following the lists of actual and proposed expenditures of each budget unit there must be a brief explanation of the functions of the unit and comments on its policies and plans and on any considerable differences among the amounts recommended, with ~~such~~ any descriptive, quantitative, comparative, and other data as to work done, unit costs, and like information as may be considered necessary or desirable. For capital outlay expenditures involving construction projects to be completed in two or more fiscal years, there must be shown the total estimated cost of each such project and the amount thereof recommended to be appropriated and expended in each ensuing fiscal year until completion of the project. Capital outlay needs may be projected for at least two years beyond the period covered by the budget.

5. A detailed statement showing the estimate of all moneys required to be raised or appropriated for the payment of interest upon the funded debt of the state and its other obligations bearing interest, and the amount of

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money required to be contributed in the two next ensuing fiscal years to the general sinking funds maintained for the redemption and payment of the debts of the state.

6. A summary statement of the unappropriated fund balance estimated to be available at the beginning of the next biennium, and the estimated revenue of the next biennium, as compared with the total recommended amounts of appropriation for all classes of expenditures for the next biennium, and if the total of the recommended expenditures exceeds the total of the estimated resources, recommendations as to how the deficiency is to be met and estimates of any proposed additional revenue.

7. Drafts of a proposed general appropriations act and special appropriations acts embodying the budget data and recommendations of the governor for appropriations for the next biennium and drafts of such revenues and other acts recommended by the governor for putting into effect the proposed financial plan. The recommended general appropriation for each budget unit must be specified in a separate section of the general appropriations act.

8. A list of every individual asset or service, excluding real estate, with a value of at least fifty thousand dollars and every group of assets and services comprising a single system with a combined value of at least fifty thousand dollars acquired through a capital or operating lease arrangement or debt financing arrangement by a state agency or institution. The list must include assets or services acquired in the current biennium and anticipated assets or services to be acquired in the next biennium.

9. ~~Such~~ Any other information as the director of the budget ~~deems~~ determines desirable or as is required by law.

SECTION 23. AMENDMENT. Section 54-44.1-11 of the North Dakota Century Code is amended and reenacted as follows:

54-44.1-11. (Effective through June 30, ~~2003~~ 2005) Office of management and budget to cancel unexpended appropriations - When they may continue. Except as otherwise provided by law, the office of management and budget, thirty days after the close of each biennial period, shall cancel all unexpended appropriations or balances of appropriations after the expiration of the biennial period during which they became available under the law. Unexpended appropriations for the North Dakota university system are not subject to this section and the North Dakota university system shall report on the amounts and uses of funds carried over from one biennium to the next to subsequent appropriations committees of the legislative assembly. The chairmen of the appropriations committees of the senate and house of representatives of the legislative assembly with the office of the budget may continue appropriations or balances in force for not more than two years after the expiration of the biennial period during which they became available upon recommendation of the director of the budget for:

1. New construction projects.

2. Major repair or improvement projects.

3. Purchases of new equipment costing more than ten thousand dollars per unit if it was ordered during the first twelve months of the biennium in which the funds were appropriated.

4. The purchase of land by the state on a "contract for deed" purchase if the total purchase price is within the authorized appropriation.

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(Effective after June 30, 2003 2005) Office of management and budget to cancel unexpended appropriations - When they may continue. The office of management and budget, thirty days after the close of each biennial period, shall cancel all unexpended appropriations or balances of appropriations after the expiration of the biennial period during which they became available under the law. The chairmen of the appropriations committees of the senate and house of representatives of the legislative assembly with the office of the budget may continue appropriations or balances in force for not more than two years after the expiration of the biennial period during which they became available upon recommendation of the director of the budget for:

1. New construction projects.
2. Major repair or improvement projects.
3. Purchases of new equipment costing more than ten thousand dollars per unit if it was ordered during the first twelve months of the biennium in which the funds were appropriated.
4. The purchase of land by the state on a "contract for deed" purchase if the total purchase price is within the authorized appropriation."

Page 6, line 3, remove "subdivisions 1"

Page 6, line 4, remove "and 2 of" and replace "section 17" with "sections 12, 13, and 14"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1003 - Summary of House Action

	EXECUTIVE BUDGET	HOUSE CHANGES	HOUSE VERSION
University System of Ice			
Total all funds	$467,577,358	($403,169,542)	$64,407,816
Less estimated income	115,496,722	(110,143,215)	5,355,507
General fund	$352,078,636	($293,026,327)	$59,052,309
Bismarck State Colle[illegible]			
Total all funds	$0	$17,528,038	$17,528,038
Less estimated income		1,785,000	1,785,000
General fund	$0	$15,743,038	$15,743,038
Lake Region State College			
Total all funds	$0	$5,383,655	$5,383,655
Less estimated income		375,000	375,000
General fund	$0	$5,008,655	$5,008,655
Williston State College			
Total all funds	$0	$5,407,971	$5,407,971
Less estimated income			
General fund	$0	$5,407,971	$5,407,971
University of North Dakota			
Total all funds	$0	$140,347,079	$140,347,079
Less estimated income		53,300,000	53,300,000
General fund	$0	$87,047,079	$87,047,079
UND Medical Center			
Total all funds	$0	$30,268,879	$30,268,879
Less estimated income			
General fund	$0	$30,268,879	$30,268,879
North Dakota State University			
Total all funds	$0	$94,613,514	$94,613,514
Less estimated income		26,000,000	26,000,000
General fund	$0	$68,613,514	$68,613,514
State College of Science			
Total all funds	$0	$28,217,311	$28,217,311
Less estimated income		3,668,920	3,668,920
General fund	$0	$24,548,391	$24,548,391
Dickinson State University			
Total all funds	$0	$24,866,887	$24,866,887
Less estimated income		10,882,047	10,882,047

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General fund	$0	$13,984,640	$13,984,640
Mayville State University			
Total all funds	$0	$14,119,424	$14,119,424
Less estimated income		5,505,000	5,505,000
General fund	$0	$8,614,424	$8,614,424
Minot State University			
Total all funds	$0	$26,166,992	$26,166,992
Less estimated income			
General fund	$0	$26,166,992	$26,166,992
Valley City State University			
Total all funds	$0	$15,494,712	$15,494,712
Less estimated income		4,085,300	4,085,300
General fund	$0	$11,409,412	$11,409,412
Minot State University - Bottineau			
Total all funds	$0	$4,169,664	$4,169,664
Less estimated income			
General fund	$0	$4,169,664	$4,169,664
Forest Service			
Total all funds	$2,915,258	($51,982)	$2,863,276
Less estimated income	1,090,001		1,090,001
General fund	$1,825,257	($51,982)	$1,773,275
Bill Total			
Total all funds	$470,492,816	$3,362,602	$473,855,218
Less estimated income	116,588,723	(4,541,948)	112,046,775
General fund	$353,903,893	$7,904,550	$361,808,443

House Bill No. 1003 - General Fund Summary

	EXECUTIVE BUDGET	HOUSE CHANGES	HOUSE VERSION
University System office	$352,078,636	($293,026,327)	$59,052,309
Bismarck State College		15,743,038	15,743,038
Lake Region State College		5,006,655	5,006,655
Williston State College		5,407,971	5,407,971
University of North Dakota		87,047,079	87,047,079
UND Medical Center		30,266,879	30,266,879
North Dakota State University		66,613,514	66,613,514
State College of Science		24,548,391	24,548,391
Dickinson State University		13,984,640	13,984,640
Mayville State University		8,614,424	8,614,424
Minot State University		26,166,992	26,166,992
Valley City State University		11,409,412	11,409,412
Minot State University - Bottineau		4,169,664	4,169,664
Forest Service	1,825,257	(51,982)	1,773,275
Total general fund	$353,903,893	$7,904,550	$361,808,443

Detail of House Changes to the General Fund

	ALLOCATES FUNDING FOR CAMPUS EXTRAORDINARY REPAIRS [1]	ALLOCATES FUNDING FOR MAJOR CAPITAL PROJECTS [2]	CORRECTS FUNDING FOR CAPITAL ASSETS [3]	ALLOCATES FUNDING FOR CAMPUS OPERATIONS [4]	DECREASES FUNDING FOR CAMPUS OPERATIONS [5]	ADDS BONDING AUTHORITY FOR MAJOR CAPITAL PROJECT [6]
University System office	($6,932,166)	($1,651,629)		($299,415,187)		
Bismarck State College	250,000			15,800,887	($307,849)	
Lake Region State College	44,831			5,062,456	(98,632)	
Williston State College	88,790			5,424,874	(105,693)	
University of North Dakota	2,362,136			86,270,826	(1,685,883)	
UND Medical Center				30,462,510	(588,631)	
North Dakota State University	1,737,531			68,204,819	(1,328,836)	
State College of Science	773,500			24,247,302	(472,411)	
Dickinson State University	393,962			13,860,931	(270,053)	
Mayville State University	214,589			8,515,748	(165,913)	
Minot State University	612,850			26,061,907	(507,765)	
Valley City State University	265,334			11,365,513	(221,435)	
Minot State University - Bottineau	112,663			4,137,914	(80,613)	
Forest Service					(33,857)	
Total general fund	($76,000)	($1,651,629)	$0	$0	($5,667,371)	$0

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	ALLOCATES FUNDING FROM BOARD INITIATIVES TO CAMPUS INITIATIVES 7	REMOVES FUNDING FOR SYSTEM INITIATIVES 8	REMOVES FUNDING FOR STUDENT INTERNSHIP PROGRAM 9	ALLOCATES FUNDING FOR STUDENT GRANT PROGRAMS AND CHANGES FUNDING SOURCE 10	INCREASES FUNDING FOR STUDENT FINANCIAL ASSISTANCE GRANTS 11	INCREASES FUNDING FOR CAMPUS OPERATIONS 12
University System office	($100,000)			$6,258,969		
Bismarck State College						
Lake Region State College						
Williston State College						
University of North Dakota	50,000					$50,000
UND Medical Center						395,000
North Dakota State University						
State College of Science						
Dickinson State University						
Mayville State University	50,000					
Minot State University						
Valley City State University						
Minot State University - Bottineau						
Forest Service						
Total general fund	$0	$0	$0	$6,258,969	$0	$445,000

	PROVIDES FUNDING FOR PROFESSIONAL LIABILITY INSURANCE COVERAGE	REMOVES RECOMMENDED SALARY INCREASE 13	INCREASES FUNDING FOR RESEARCH ACTIVITIES AND CHANGES FUNDING SOURCE 14	TOTAL GENERAL FUND CHANGES
University System office	$1,850,000	($36,294)	$7,000,000	($293,026,327)
Bismarck State College				15,743,038
Lake Region State College				5,008,655
Williston State College				5,407,971
University of North Dakota				87,047,079
UND Medical Center				30,268,879
North Dakota State University				68,613,514
State College of Science				24,548,391
Dickinson State University				13,984,840
Mayville State University				8,814,424
Minot State University				26,166,992
Valley City State University				11,409,412
Minot State University - Bottineau				4,169,664
Forest Service		(18,125)		(51,962)
Total general fund	$1,850,000	($54,419)	$7,000,000	$7,904,550

House Bill No. 1003 - Other Funds Summary

	EXECUTIVE BUDGET	HOUSE CHANGES	HOUSE VERSION
University System office	$115,498,722	($110,143,215)	$5,355,507
Bismarck State College		1,785,000	1,785,000
Lake Region State College		375,000	375,000
Williston State College			
University of North Dakota		53,300,000	53,300,000
UND Medical Center			
North Dakota State University		26,000,000	26,000,000
State College of Science		3,668,920	3,668,920
Dickinson State University		10,882,047	10,882,047
Mayville State University		5,505,000	5,505,000
Minot State University			
Valley City State University		4,085,300	4,085,300
Minot State University - Bottineau			
Forest Service	1,090,001		1,090,001
Total other funds	$116,588,723	($4,541,948)	$112,046,775

Detail of House Changes to Other Funds

	ALLOCATES FUNDING FOR CAMPUS EXTRAORDINARY REPAIRS 1	ALLOCATES FUNDING FOR MAJOR CAPITAL PROJECTS 2	CORRECTS FUNDING FOR CAPITAL ASSETS 3	ALLOCATES FUNDING FOR CAMPUS OPERATIONS 4	DECREASES FUNDING FOR CAMPUS OPERATIONS 5	ADDS BONDING AUTHORITY FOR MAJOR CAPITAL PROJECT 6
University System office		($94,278,920)	($105,326)			
Bismarck State College		1,785,000				
Lake Region State College		375,000				
Williston State College						
University of North Dakota		53,300,000				
UND Medical Center						
North Dakota State University		26,000,000				

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State College of Science		3,666,820				
Dickinson State University		5,000,000				$5,882,047
Mayville State University		4,150,000				1,355,000
Minot State University						
Valley City State University						4,085,300
Minot State University - Bottineau						
Forest Service						
Total other funds	$0	$0	($105,326)	$0	$0	$11,322,347

	ALLOCATES FUNDING FROM BOARD INITIATIVES TO CAMPUS INITIATIVES 7	REMOVES FUNDING FOR SYSTEM INITIATIVES 8	REMOVES FUNDING FOR STUDENT INTERNSHIP PROGRAM 9	ALLOCATES FUNDING FOR STUDENT GRANT PROGRAMS AND CHANGES FUNDING SOURCE 10	INCREASES FUNDING FOR STUDENT FINANCIAL ASSISTANCE GRANTS 11	INCREASES FUNDING FOR CAMPUS OPERATIONS 12
University System office		($5,000,000)	($2,000,000)	($6,258,969)	$1,500,000	
Bismarck State College						
Lake Region State College						
Williston State College						
University of North Dakota						
UND Medical Center						
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						
Total other funds	$0	($5,000,000)	($2,000,000)	($6,258,969)	$1,500,000	$0

	PROVIDES FUNDING FOR PROFESSIONAL LIABILITY INSURANCE COVERAGE	REMOVES RECOMMENDED SALARY INCREASE 13	INCREASES FUNDING FOR RESEARCH ACTIVITIES AND CHANGES FUNDING SOURCE 14	TOTAL OTHER FUNDS CHANGES
University System office			($4,000,000)	($110,143,215)
Bismarck State College				1,785,000
Lake Region State College				375,000
Williston State College				
University of North Dakota				53,300,000
UND Medical Center				
North Dakota State University				26,000,000
State College of Science				3,666,820
Dickinson State University				10,882,047
Mayville State University				5,505,000
Minot State University				
Valley City State University				4,085,300
Minot State University - Bottineau				
Forest Service				
Total other funds	$0	$0	($4,000,000)	($4,541,948)

House Bill No. 1003 - All Funds Summary

	EXECUTIVE BUDGET	HOUSE CHANGES	HOUSE VERSION
University System office	$467,577,358	($403,169,542)	$64,407,816
Bismarck State College		17,528,038	17,528,038
Lake Region State College		5,383,655	5,383,655
Williston State College		5,407,971	5,407,971
University of North Dakota		140,347,079	140,347,079
UND Medical Center		30,266,879	30,266,879
North Dakota State University		94,613,514	94,613,514
State College of Science		28,217,311	28,217,311
Dickinson State University		24,866,887	24,866,887
Mayville State University		14,119,424	14,119,424
Minot State University		26,166,992	26,166,992
Valley City State University		15,494,712	15,494,712
Minot State University - Bottineau		4,169,664	4,169,664
Forest Service	2,915,258	(51,982)	2,863,276
Total all funds	$470,492,616	$3,362,602	$473,855,218
FTE	2,400.38	0.00	2,400.38

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Detail of House Changes to All Funds

	ALLOCATES FUNDING FOR CAMPUS EXTRAORDINARY REPAIRS [1]	ALLOCATES FUNDING FOR MAJOR CAPITAL PROJECTS [2]	CORRECTS FUNDING FOR CAPITAL ASSETS [3]	ALLOCATES FUNDING FOR CAMPUS OPERATIONS [4]	DECREASES FUNDING FOR CAMPUS OPERATIONS [5]	ADDS BONDING AUTHORITY FOR MAJOR CAPITAL PROJECT [6]
University System office	($6,932,166)	($95,930,549)	($105,326)	($299,415,187)		
Bismarck State College	250,000	1,785,000		15,800,887	($307,849)	
Lake Region State College	44,831	375,000		5,062,456	(98,632)	
Williston State College	88,790			5,424,874	(105,893)	
University of North Dakota	2,362,136	53,300,000		86,270,626	(1,685,683)	
UND Medical Center				30,462,510	(588,631)	
North Dakota State University	1,737,531	26,000,000		68,204,819	(1,328,836)	
State College of Science	773,500	3,668,920		24,247,302	(472,411)	
Dickinson State University	393,962	5,000,000		13,860,931	(270,053)	$5,882,047
Mayville State University	214,589	4,150,000		8,515,748	(165,913)	1,355,000
Minot State University	612,850			26,061,907	(507,765)	
Valley City State University	265,334			11,365,513	(221,435)	4,085,300
Minot State University - Bottineau	112,663			4,137,614	(80,613)	
Forest Service					(33,857)	
Total all funds	($76,000)	($1,651,629)	($105,326)	$0	($5,867,371)	$11,322,347
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	ALLOCATES FUNDING FROM BOARD INITIATIVES TO CAMPUS INITIATIVES [7]	REMOVES FUNDING FOR SYSTEM INITIATIVES [8]	REMOVES FUNDING FOR STUDENT INTERNSHIP PROGRAM [9]	ALLOCATES FUNDING FOR STUDENT GRANT PROGRAMS AND CHANGES FUNDING SOURCE [10]	INCREASES FUNDING FOR STUDENT FINANCIAL ASSISTANCE GRANTS [11]	INCREASES FUNDING FOR CAMPUS OPERATIONS [12]
University System office	($100,000)	($5,000,000)	($2,000,000)		$1,500,000	
Bismarck State College						
Lake Region State College						
Williston State College						
University of North Dakota	50,000					$50,000
UND Medical Center						395,000
North Dakota State University						
State College of Science						
Dickinson State University						
Mayville State University	50,000					
Minot State University						
Valley City State University						
Minot State University - Bottineau						
Forest Service						
Total all funds	$0	($5,000,000)	($2,000,000)	$0	$1,500,000	$445,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	PROVIDES FUNDING FOR PROFESSIONAL LIABILITY INSURANCE COVERAGE	REMOVES RECOMMENDED SALARY INCREASE [13]	INCREASES FUNDING FOR RESEARCH ACTIVITIES AND CHANGES FUNDING SOURCE [14]	TOTAL ALL FUNDS CHANGES
University System office	$1,850,000	($36,294)	$3,000,000	($403,169,542)
Bismarck State College				17,528,038
Lake Region State College				5,383,655
Williston State College				5,407,971
University of North Dakota				140,347,079
UND Medical Center				30,268,879
North Dakota State University				94,613,514
State College of Science				28,217,311
Dickinson State University				24,866,887
Mayville State University				14,119,424
Minot State University				26,166,992
Valley City State University				15,494,712
Minot State University - Bottineau				4,169,664
Forest Service		(18,125)		(51,962)
Total all funds	$1,850,000	($54,419)	$3,000,000	$3,362,602
FTE	0.00	0.00	0.00	0.00

1 The executive budget recommendation for the University System office capital assets line item includes funding of $6,932,166 from the general fund for campus extraordinary repairs. This amendment allocates the funding of $6,856,166 to individual higher education institutions based on the institutions' 2003-05 hold-even capital assets budget request and reduces funding from the general fund by $76,000.

2 This amendment removes funding of $1,651,629 from the general fund from the capital assets line item provided in the executive budget recommendation for the State Board of Higher Education to allocate for major capital projects, and the amendment allocates $94,278,920 of special funds provided for major capital projects from the capital assets line item to individual higher education institutions.

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3 The executive budget recommendation includes funding of $3,134,517 from bonding proceeds for energy improvement projects at North Dakota State University ($1,077,977) and the University of North Dakota ($1,951,214) and inadvertently includes funding of $105,326 for an energy improvement project at the Department of Corrections and Rehabilitation. Therefore, this amendment removes the funding inadvertently included for an energy improvement project at the Department of Corrections and Rehabilitation.

4 The executive budget recommendation consolidates the funding for the support of the operations of the higher education institutions in the University System office line item campus operations. This amendment allocates the funding of $299,415,187 from the general fund provided in the University System office campus operations line item to the individual higher education institutions.

5 This amendment decreases funding for higher education institutions and the Forest Service's operations budgets by a total of $5,867,371 from the general fund.

6 This amendment authorizes the Industrial Commission to issue bonds totaling $8,022,347 for construction costs associated with the following projects:

Dickinson State University	Murphy Hall Phase I addition	$6,882,047
Valley City State University	Graichen Gymnasium elevator and emergency exits	$785,300
Mayville State University	Steamline replacement Phase II	$1,355,000

In relation, this amendment establishes an escrow account for the purpose of making the first two annual lease rental payments for retirement of the bonds. The escrow account is to consist of up to $1,310,000 transferred from the general fund amounts appropriated for capital assets in subdivision 1 of Section 1 and $250,000 provided as local responsibility from other Dickinson State University fund sources.

In addition, this amendment authorizes the State Board of Higher Education to issue revenue bonds in the amount of $3,300,000 for renovation of Kolstoe Hall at Valley City State University.

7 This amendment allocates funding of $100,000 from the general fund from the board initiatives line item to the University of North Dakota for the university's Nordic initiative ($50,000) and to Mayville State University for improvements in Old Main ($50,000).

8 This amendment removes funding of $5 million from the student loan trust fund for system initiatives. The funding was to be allocated by the State Board of Higher Education to establish centers of excellence at higher education institutions.

9 This amendment removes funding of $2 million from the student loan trust fund for a new student internship program to support internships for students entering growth industries that have critical shortages of available employees.

10 This amendment allocates funding from the student grant programs line item to separate program line items--student financial assistance grants, professional student exchange program, scholars program, Native American scholarships, and education incentive programs and changes the funding source for the programs from primarily the student loan trust fund to primarily the general fund.

11 This amendment increases special funds spending authority for the student financial assistance grants by $1.5 million relating to the potential payments that may be received under the North Dakota-Minnesota reciprocity agreement.

12 This amendment increases funding for the University of North Dakota by $50,000 from the general fund for a grant to the University of North Dakota Athletic Department for a Canadian marketing initiative relating to the 2005 World Junior Hockey Tournament ($50,000). The amendment also increases funding for the University of North Dakota Medical School by $395,000 from the general fund.

13 This amendment removes the Governor's recommendation for state employee salary increases and retains the recommended state payment for health insurance premiums. This only affects the North Dakota University System office and the Forest Service. The executive budget recommendation included no funding for recommended salary increases and health insurance increases for higher education institutions.

14 This amendment changes the funding source for competitive research from $4 million from the student loan trust fund to $4 million from the general fund and increases the funding from the general fund by $1 million, from $4 million to $5 million. The amendment also provides $2 million from the general fund for centers for excellence.

House Bill No. 1003 - Other Changes - House Action

This amendment also:

- Removes Sections 3, 4, and 5 of the bill as introduced relating to the system initiatives, campus operations, and student grant program line items as the line items are removed in the amendment.
- Amends Section 6 of the bill as introduced to clarify language regarding funding included in the University System office capital assets line item.
- Removes Section 13 of the bill as introduced relating to higher education institutions' transfer authority.
- Removes Section 16 of the bill relating to appropriations from the student loan trust fund.
- Amends Section 17 of the bill as introduced to provide revenue bond authority and appropriate revenue bond proceeds for the following projects:

Bismarck State College - Student apartments	$1,785,000
Lake Region State College - North Hall residence hall renovation	$375,000
Mayville State University - Fieldhouse renovation and addition	$3,000,000
North Dakota State University - Bison Court construction	$11,000,000
University of North Dakota - Airport hangar	$2,000,000
University of North Dakota - Wellness Center	$8,000,000
University of North Dakota - Athletic complex	$13,000,000
Valley City State University - Kolstoe Hall renovation	$3,300,000

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The section is also amended to appropriate $1 million of special funds to Mayville State University for additional funds to assist in the renovation and addition of the fieldhouse.

- Adds a section providing for the allocation of student financial assistance grant funds.
- Adds a section providing a transfer of $13,258,969 from the student loan trust to the general fund.
- Adds a section of legislative intent regarding the use of funds appropriated to the North Dakota University System office for competitive research - centers for excellence.
- Amends North Dakota Century Code Section 15-10-08 relating to the compensation for members of the State Board of Higher Education to change the per diem from $62.50 to $100.
- Incorporates the provisions of House Bill No. 1039 relating to the appropriation of higher education special funds, House Bill No. 1040 relating to the carryover of unexpended higher education appropriations, House Bill No. 1041 relating to the University System budget request and appropriations bill that would expire on June 30, 2005, and House Bill No. 1042 relating to higher education accountability measures.

The following is a summary of the funding recommended for higher education in the executive budget and the funding included in this amendment:

	2003-05 EXECUTIVE BUDGET	PROPOSED AMENDMENT	INCREASE (DECREASE)
General fund appropriation	$353,903,893	$349,549,474	($5,354,419)
General fund appropriation relating to funding transferred from the student loan trust fund		13,258,969[1]	13,258,969
Total	$353,903,893	$361,808,443	$7,904,550

[1] The executive budget recommended $17,258,969 from the student loan trust fund.

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Date: 2-17-03
Roll Call Vote #: 6

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1003

House **Appropriations** Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 0109

Action Taken Do Pass as Amended

Motion Made By Brusegard Seconded By Wald.

Representatives	Yes	No	Representatives	Yes	No
Rep. Ken Svedjan (Chair)	✓		Rep. Bob Skarphol		✓
Rep. Mike Timm (Vice-Chair)	✓		Rep. Blair Thoreson	✓	
Rep. Bob Martinson	✓		Rep. Eliot Glassheim	✓	
Rep. Thomas Brusegaard	✓		Rep. Joe Kroeber	✓	
Rep. David Monson	✓		Rep. John Warner		✓
Rep. Earl Rennerfeldt	✓		Rep. Jeff Delzer		✓
Rep. Francis J. Wald	✓		Rep. Amy Warnke	✓	
Rep. Ole Aarsvold	✓		Rep. Larry Bellew		✓
Rep. Pam Gulleson	✓		Rep. Keith Kempenich		✓
Rep. Ron Carlisle	✓		Rep. James Kerzman		✓
Rep. Al Carlson		✓	Rep. Ralph Metcalf	✓	
Rep. Kim Koppelman	✓				

Total (Yes) 16 No 7

Absent 0

Floor Assignment Martinson.

If the vote is on an amendment, briefly indicate intent:

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REPORT OF STANDING COMMITTEE (410)
February 18, 2003 11:42 a.m.

Module No: HR-31-3067
Carrier: Martinson
Insert LC: 38003.0110 Title: .0200

REPORT OF STANDING COMMITTEE

HB 1003: Appropriations Committee (Rep. Svedjan, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (16 YEAS, 7 NAYS, 0 ABSENT AND NOT VOTING). HB 1003 was placed on the Sixth order on the calendar.

Page 1, line 3, after "projects" insert "; to authorize the industrial commission to issue and sell bonds for capital projects; to provide statements of legislative intent; to provide for a general fund transfer; to amend and reenact sections 15-10-08, 15-10-12, 54-44.1-04, 54-44.1-06, and 54-44.1-11 of the North Dakota Century Code, relating to compensation of state board of higher education members, higher education institutions' special revenue funds, budget requests and block grant appropriations, and unexpended appropriations"

Page 1, line 13, remove "AND INSTITUTIONS"

Page 1, line 14, replace "117,068,750" with "14,100,689"

Page 1, line 15, replace "program" with "and centers for excellence" and replace "4,000,000" with "7,000,000"

Page 1, line 16, replace "535,306" with "435,306"

Page 1, line 17, replace "4,512,642" with "4,479,337"

Page 1, line 19, replace "26,138,137" with "26,135,148"

Page 1, replace lines 21 through 23 with:

"Professional liability insurance	1,850,000
Student financial assistance grants	4,430,215
Professional student exchange program	1,678,300
Scholars program	816,368
Native American scholarships	204,086
Education incentive programs	830,000"

Page 1, line 24, replace "467,577,358" with "64 107,816"

Page 2, line 1, replace "115,498,722" with "5,355,507"

Page 2, line 2, replace "352,078,636" with "59,052,309"

Page 2, after line 3, insert:

"BISMARCK STATE COLLEGE

Capital assets	$250,000
Operations	15,493,038
General fund appropriation	$15,743,038

Subdivision 3.

LAKE REGION STATE COLLEGE

Capital assets	$44,831
Operations	4,963,824
General fund appropriation	$5,008,655

Subdivision 4.

WILLISTON STATE COLLEGE

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Capital assets	$88,790
Operations	5,319,181
General fund appropriation	$5,407,971

Subdivision 5.

UNIVERSITY OF NORTH DAKOTA

Capital assets	$32,662,136
Operations	84,584,943
Nordic initiative	50,000
Marketing initiative	50,000
Total all funds	$117,347,079
Less estimated income	30,300,000
General fund appropriation	$87,047,079

Subdivision 6.

NORTH DAKOTA STATE UNIVERSITY

Capital assets	$16,737,531
Operations	66,875,983
Total all funds	$83,613,514
Less estimated income	15,000,000
General fund appropriation	$68,613,514

Subdivision 7.

NORTH DAKOTA STATE COLLEGE OF SCIENCE

Capital assets	$4,442,420
Operations	23,774,891
Total all funds	$28,217,311
Less estimated income	3,668,920
General fund appropriation	$24,548,391

Subdivision 8.

DICKINSON STATE UNIVERSITY

Capital assets	$5,393,962
Operations	13,590,878
Total all funds	$18,984,840
Less estimated income	5,000,000
General fund appropriation	$13,984,840

Subdivision 9.

MAYVILLE STATE UNIVERSITY

Capital assets	$364,589
Operations	8,349,835
Old main improvement	50,000
Total all funds	$8,764,424
Less estimated income	150,000
General fund appropriation	$8,614,424

Subdivision 10.

MINOT STATE UNIVERSITY

Capital assets	$612,850

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Operations	25,554,142
General fund appropriation	$26,166,992

Subdivision 11.

VALLEY CITY STATE UNIVERSITY

Capital assets	$265,334
Operations	11,144,078
General fund appropriation	$11,409,412

Subdivision 12.

MINOT STATE UNIVERSITY - BOTTINEAU

Capital assets	$112,663
Operations	4,057,001
General fund appropriation	$4,169,664

Subdivision 13.

UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH SCIENCES

Operations	$30,268,879
General fund appropriation	$30,268,879

Subdivision 14."

Page 2, line 6, replace "2,769,197" with "2,717,215"

Page 2, line 7, replace "2,915,258" with "2,863,276"

Page 2, line 9, replace "1,825,257" with "1,773,275"

Page 2, line 10, replace "353,903,893" with "361,808,443"

Page 2, line 11, replace "116,588,723" with "112,046,775"

Page 2, line 12, replace "470,492,616" with "473,855,218"

Page 2, line 13, replace "$535,306" with "$435,306"

Page 2, remove lines 18 through 30

Page 3, remove lines 1 through 12

Page 3, line 13, replace "$117,068,750" with "$14,100,689"

Page 3, line 15, remove "as determined"

Page 3, line 16, replace ", the payment of special assessments, and the repair and construction of" with "and by the industrial commission to establish an escrow account as authorized in section 15 of this Act."

Page 3, remove lines 17 through 28

Page 3, line 29, replace "$26,138,137" with "$26,135,148"

Page 4, remove lines 29 through 31

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Page 5, remove lines 1 through 3

Page 5, remove lines 18 through 22

Page 5, line 23, after "**PURPOSES**" insert " **- APPROPRIATION**"

Page 5, line 31, after "issued" insert ", and the proceeds are appropriated, for the biennium beginning July 1, 2003, and ending June 30, 2005," and after the colon insert:

"Bismarck state college - Student apartments	$1,785,000"

Page 6, after line 1, insert:

"Mayville state university - Fieldhouse renovation and addition	$3,000,000
University of North Dakota - Airport hangar	$2,000,000
University of North Dakota - Wellness center	$8,000,000
University of North Dakota - Athletic complex	$13,000,000
Valley City state university - Kolstoe hall renovation	$3,300,000"

Page 6, after line 2, insert:

"Mayville state university may obtain and utilize special funds to assist in the renovation and addition of the fieldhouse. There is appropriated to Mayville state university the sum of $1,000,000, or so much as may be necessary, from any other funds that may become available for this project, for the biennium beginning July 1, 2003, and ending June 30, 2005.

Total special funds appropriation	$43,460,000

SECTION 13. PROJECT AUTHORIZATIONS. The industrial commission, acting as the North Dakota building authority, shall arrange for the funding of the projects authorized in this section, hereby declared to be in the public interest, through the issuance of evidences of indebtedness under chapter 54-17.2, during the biennium beginning July 1, 2003, and ending June 30, 2005. The proceeds of the evidences of indebtedness and other available funds are hereby appropriated during the biennium beginning July 1, 2003, and ending June 30, 2005, for the following projects:

Dickinson state university	Murphy hall phase I addition	$5,882,047
Valley City state university	Graichen gymnasium elevator and emergency exits	$785,300
Mayville state university	Steamline replacement phase II	$1,355,000

The industrial commission shall issue evidences of indebtedness under this section with the condition that lease rental payments need not begin until July 1, 2005. This authority of the industrial commission to issue evidences of indebtedness ends June 30, 2005, but the industrial commission may continue to exercise all other powers granted to it under chapter 54-17.2 and this Act and to comply with any covenants entered into before that date.

Grand total special funds appropriation	$8,022,347

SECTION 14. BOND ISSUANCE REPAYMENT RESPONSIBILITY - LIMITATION IN SECTION 54-17.2-23. The industrial commission shall establish an escrow account for receipt of the first two annual lease rental payments for the retirement of the evidences of indebtedness issued for the project costs associated with the construction of the projects authorized by section 13 of this Act. The escrow account is established to address the general fund lease limitations of section 54-17.2-23 during the 2005-07 biennium. The escrow account consists of $1,310,000,

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or so much thereof as may be necessary, transferred from the general fund amounts appropriated for capital assets in subdivision 1 of section 1 of this Act and $250,000 provided as local responsibility from other Dickinson state university fund sources.

SECTION 15. STUDENT FINANCIAL ASSISTANCE GRANTS. The funds appropriated for student financial assistance grants in section 1 of this Act must be allocated not less than twenty percent to students at private baccalaureate degree granting institutions with the remaining funds allocated to students at public and native American institutions.

SECTION 16. LEGISLATIVE INTENT - HIGHER EDUCATION ACCOUNTABILITY MEASURES. It is the intent of the legislative assembly that the board of higher education's performance and accountability report as required by section 15-10-14.2 include an executive summary and information regarding:

1. Education excellence, including:
   a. Student performance on nationally recognized exams in their major fields compared to the national averages.
   b. First-time licensure pass rates compared to other states.
   c. Alumni-reported and student-reported satisfaction with preparation in selected major, acquisition of specific skills, and technology knowledge and abilities.
   d. Employer-reported satisfaction with preparation of recently hired graduates.
   e. Biennial report on employee satisfaction relating to the university system and local institutions.
   f. Ratio of faculty and staff to students.
   g. Student graduation and retention rates.
2. Economic development, including:
   a. Enrollment in entrepreneurship courses and the number of graduates of entrepreneurship programs.
   b. Percentage of university system graduates obtaining employment appropriate to their education in the state.
   c. Number of businesses and employees in the region receiving training.
   d. Number of students employed in major field of study six months and eighteen months after graduation.
3. Student access, including:
   a. Proportion of residents of the state who are within a forty-five-minute drive of a location at which they can receive educational programs from a provider.

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b. Number and proportion of enrollments in courses offered by nontraditional methods.

4. Student affordability, including:

a. Tuition and fees on a per student basis compared to the regional average.

b. Tuition and fees as a percentage of median North Dakota household income.

c. Cost per student in terms of general fund appropriations and total university system funding.

d. Average number of semesters completed per baccalaureate degree graduate.

e. Administrative, instructional, and other cost per student.

f. Per capita general fund appropriations for higher education.

g. State general fund appropriation levels for university system institutions compared to peer institutions general fund appropriation levels.

5. Financial operations, including:

a. Percentage of total university system funding used for instruction, research, and public service.

b. Percentage of total university system funding used for institutional support, operations, and maintenance of physical plant.

c. Ratio measuring the funding derived from operating and contributed income compared to total university system funding.

d. Deferred maintenance ratio measuring the size of the university system's outstanding maintenance as compared to its expendable net assets.

e. Viability ratio measuring the amount of expendable net assets as compared to the amount of long-term debt.

f. Research expenditures in proportion to the amount of revenue generated by research activity and funding received for research activity.

g. New construction and major renovation capital projects for which specific appropriations are made, including budget to actual comparison, use of third-party funding, and related debt.

SECTION 17. GENERAL FUND TRANSFER. The industrial commission shall transfer to the general fund the sum of $13,258,969 from the North Dakota student loan trust. The moneys must be transferred as requested by the director of the office of management and budget during the biennium beginning July 1, 2003, and ending June 30, 2005, and upon certification by the student loan trust trustee that sufficient moneys remain available to pay all debt service on student loan trust bonds, all

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required rebate payments to the United States treasury, and all program operating expenses.

SECTION 18. COMPETITIVE RESEARCH - CENTERS FOR EXCELLENCE. The competitive research and centers for excellence line item in subdivision 1 of section 1 of this Act includes $5,000,000 for the competitive research program and $2,000,000 for public private partnership research efforts that focus on research that will have a positive impact on the state's economy and gross state product including research efforts that emphasize aerospace, biotechnology, energy, medicine, and technology transfer.

SECTION 19. AMENDMENT. Section 15-10-08 of the North Dakota Century Code is amended and reenacted as follows:

15-10-08. Compensation of board members - Expenses - Legislative appropriations. Each member of the state board of higher education, except the student member, is entitled to receive as compensation ~~sixty-two~~ one hundred dollars ~~and fifty cents~~ per day for each calendar day actually spent devoted to the duties of office, and necessary expenses in the same manner and amounts as other state officials for attending meetings and performing other functions of office. The legislative assembly shall provide adequate funds to carry out the functions and duties of the board.

SECTION 20. AMENDMENT. Section 15-10-12 of the North Dakota Century Code is amended and reenacted as follows:

15-10-12. (Effective through June 30, ~~2003~~2005) Board may accept gifts and bequests - Deposit and appropriation of institutional funds. Subject to the limitations of section 15-10-12.1, the state board of higher education may receive donations, gifts, grants, and bequests offered or tendered to or for the benefit of any institution of higher education under its control or subject to its administration, and all moneys coming into the hands of the board as donations, gifts, grants, and bequests must be used for the specific purpose for which they are donated or given. A special revenue fund, for each institution of higher education under the control of the board or subject to its administration, must be maintained within the state treasury. All rent, interest, or income from land, money, or property, donated or granted by the United States and allocated to specific institutions of higher learning under the terms of the Enabling Act and the Constitution of North Dakota must be deposited in the special revenue fund of each institution and expended in accordance with section 1 of article IX of the Constitution of North Dakota. All other funds, unless restricted by the terms of a grant, donation, or bequest, received by the institutions from federal, state, and local grants and contracts, indirect cost recoveries, tuition, special student fees, room and board fees and other auxiliary enterprise fees, student activity fees, continuing education program fees, internal service fund revenues, and all other revenues must be deposited in the institution special revenue funds. The state treasurer shall immediately transfer the funds deposited in the special revenue funds to institution accounts in the Bank of North Dakota. Biennial estimates of revenue and expenditures of the other funds by source of funds must be presented at the same time biennial budget requests for appropriations from the special revenue fund and state general fund are prepared and submitted to the office of the budget ~~pursuant to section 15-10-15~~. Payments from each institution's general fund appropriation must be made in amounts as may be necessary for the operation and maintenance of each institution. The funds in the institution accounts are appropriated on a continuing basis to the state board of higher education. All such appropriations are subject to proration in the same manner as other appropriations are prorated if insufficient funds are available to meet expenditures from the general fund. Sinking funds for the payment of interest and

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principal of institutional revenue bonds must be deposited pursuant to section 15-55-06.

(Effective after June 30, ~~2003~~ 2005) Board may accept gifts and bequests - Deposit of funds. The state board of higher education may, subject to the limitations of section 15-10-12.1, receive donations, gifts, grants, and bequests offered or tendered to or for the benefit of any institution of higher education under its control or subject to its administration, and all moneys coming into the hands of the board as donations, gifts, grants, and bequests must be used for the specific purpose for which they are donated or given. A special revenue fund, for each institution of higher education under the control of the board or subject to its administration, must be maintained within the state treasury and all institutional income from tuition collections must be placed in the special fund for the use of the institution for which the money was raised. All rent, interest, or income from land, money, or property, donated or granted by the United States and allocated to specific institutions of higher learning under the terms of the Enabling Act and the Constitution of North Dakota must be deposited in the special revenue fund of each institution and expended in accordance with section 1 of article IX of the Constitution of North Dakota. Moneys in the special revenue fund are subject to legislative appropriations. All other funds, unless restricted by the terms of a grant, donation, or bequest, received by the institutions from federal, state, and local grants and contracts, indirect cost recoveries, special student fees, room and board fees and other auxiliary enterprise fees, student activity fees, continuing education program fees, internal service fund revenues, and all other revenues must be deposited in the institution special revenue funds. The state treasurer shall immediately transfer the funds deposited in the special revenue funds to institution accounts in the Bank of North Dakota. Biennial estimates of revenue and expenditures of the other funds by source of funds must be presented at the same time biennial budget requests for appropriations from the special revenue fund and state general fund are prepared and submitted to the office of the budget ~~pursuant to section 15-10-15~~. Payments from each institution's general fund appropriation must be made in amounts as may be necessary for the operation and maintenance of each institution, except that at the close of the biennium the balance of funds not paid from the general fund appropriation must be deposited in the special revenue funds of the institutions. All such appropriations are subject to proration in the same manner as other appropriations are prorated if insufficient funds are available to meet expenditures from the general fund. Sinking funds for the payment of interest and principal of institutional revenue bonds must be deposited pursuant to section 15-55-06.

SECTION 21. AMENDMENT. Section 54-44.1-04 of the North Dakota Century Code is amended and reenacted as follows:

54-44.1-04. (Effective through June 30, ~~2003~~2005) Budget estimates of budget units filed with the office of the budget - Deadline. The head of each budget unit, not later than July fifteenth of each year next preceding the session of the legislative assembly, shall submit to the office of the budget, estimates of financial requirements of the person's budget unit for the next two fiscal years, on the forms and in the manner prescribed by the office of the budget, with such explanatory data as is required by the office of the budget and such additional data as the head of the budget unit wishes to submit. The budget estimates for the North Dakota university system must include block grants for the university system for a base funding component and for an initiative funding component for specific strategies or initiatives and a budget estimate for an asset funding component for renewal and replacement of physical plant assets at the institutions of higher education. The estimates so submitted must bear the approval of the board or commission of each budget unit for which a board or commission is constituted. The director of the budget in the director's discretion may extend the filing date for any budget unit if the director finds there is some circumstance ~~which~~ that makes it advantageous to authorize the extension. If a budget

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unit has not submitted its estimate of financial requirements by the required date or within a period of extension set by the director of the budget, the director of the budget shall prepare ~~such~~ the budget unit's estimate of financial requirements except ~~such~~ the estimate may not exceed ninety percent of ~~such~~ the budget unit's previous biennial appropriation. The director of the budget or~~such~~ a subordinate officer as the director designates shall examine the estimates and shall afford to the heads of budget units reasonable opportunity for explanation in regard thereto and, when requested, shall grant to the heads of budget units a hearing thereon which must be open to the public.

(Effective after June 30, ~~2003~~ 2005) Budget estimates of budget units filed with the office of the budget - Deadline. The head of each budget unit, not later than July fifteenth of each year next preceding the session of the legislative assembly, shall submit to the office of the budget, estimates of financial requirements of the person's budget unit for the next two fiscal years, on the forms and in the manner prescribed by the office of the budget, with such explanatory data as is required by the office of the budget and such additional data as the head of the budget unit wishes to submit. The estimates so submitted must bear the approval of the board or commission of each budget unit for which a board or commission is constituted. The director of the budget may extend the filing date for any budget unit if the director finds there is some circumstance ~~which~~ that makes it advantageous to authorize the extension. If a budget unit has not submitted its estimate of financial requirements by the required date or within a period of extension set by the director of the budget, the director of the budget shall prepare ~~such~~ the budget unit's estimate of financial requirements except ~~such~~ the estimate may not exceed ninety percent of ~~such~~ the budget unit's previous biennial appropriation. The director of the budget or~~such~~ a subordinate officer as the director shall designate shall examine the estimates and shall afford to the heads of budget units reasonable opportunity for explanation in regard thereto and, when requested, shall grant to the heads of budget units a hearing thereon which must be open to the public.

SECTION 22. AMENDMENT. Section 54-44.1-06 of the North Dakota Century Code is amended and reenacted as follows:

54-44.1-06. (Effective through June 30, ~~2003~~2005) Preparation of the budget data - Contents. The director of the budget, through the office of the budget, shall prepare budget data which must contain and include the following:

1. Summary statements of the financial condition of the state, accompanied by ~~such~~ the detailed schedules of assets and liabilities as the director of the budget ~~deems~~determines desirable, which ~~shall~~ must include~~, but not be limited to,~~ the following:

   a. Summary statements of fund balances and assets showing in detail for each fund the surplus or deficit at the beginning of each of the two fiscal years of the previous biennium and the first fiscal year of the present biennium, the actual revenue for those years, the total appropriations for the previous and present biennium, and the total expenditures for those fiscal years; and

   b. Similar summary statements of the estimated fund balances and assets for the current fiscal year and each of the fiscal years of the next biennium.

   Summary statements may include~~, but not be limited to,~~ a comparative consolidated balance sheet showing all the assets and liabilities of the state and the surplus or deficit, as the case may be, at the close of the first fiscal year of the current biennium.

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2. Statements of actual revenue for the previous biennium, the first year of the present biennium, and the estimated revenue of the current fiscal year and of the next biennium, and a statement of unappropriated surplus expected to have accrued in the state treasury at the beginning of the next fiscal year. The statements of revenue and estimated revenue must be classified by sources and by budget unit collecting them. Existing sources of revenue must be analyzed as to their equity, productivity, and need for revision, and any proposed new sources of revenue must be explained.

3. Summary statements of expenditures of the previous biennium and first year of the present biennium, itemized by budget units and classified as prescribed by the director of the budget.

4. Detailed comparative statements of expenditures and requests for appropriations by funds, budget units and classification of expenditures, showing the expenditures for the previous biennium, the first fiscal year of the present biennium, the budget of the current biennium, and the governor's recommendation for appropriations for each budget unit for the next biennium, all distributed according to the prescribed classification of expenditures. Following the lists of actual and proposed expenditures of each budget unit there must be a brief explanation of the functions of the unit and comments on its policies and plans and on any considerable differences among the amounts recommended, with ~~such~~ any descriptive, quantitative, comparative, and other data as to work done, unit costs, and like information as may be considered necessary or desirable. For capital outlay expenditures involving construction projects to be completed in two or more fiscal years, there must be shown the total estimated cost of each such project and the amount thereof recommended to be appropriated and expended in each ensuing fiscal year until completion of the project. Capital outlay needs may be projected for at least two years beyond the period covered by the budget.

5. A de lled statement showing the estimate of all moneys required to be raised or appropriated for the payment of interest upon the funded debt of the state and its other obligations bearing interest, and the amount of money required to be contributed in the two next ensuing fiscal years to the general sinking funds maintained for the redemption and payment of the debts of the state.

6. A summary statement of the unappropriated fund balance estimated to be available at the beginning of the next biennium, and the estimated revenue of the next biennium, as compared with the total recommended amounts of appropriation for all classes of expenditures for the next biennium, and if the total of the recommended expenditures exceeds the total of the estimated resources, recommendations as to how the deficiency is to be met and estimates of any proposed additional revenue.

7. Drafts of proposed general and special appropriations acts embodying the budget data and recommendations of the governor for appropriations for the next biennium and drafts of such revenues and other acts recommended by the governor for putting into effect the proposed financial plan. The recommended general appropriation for each budget unit must be specified in a separate section of the general appropriations act. The draft of the proposed appropriations act for the North Dakota university system must include block grants for a base funding appropriation and for an initiative funding appropriation for specific strategies or initiatives and

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an appropriation for asset funding for renewal and replacement of physical plant assets at the institutions of higher education ~~in the format approved by the fifty-seventh legislative assembly~~.

8. A list of every individual asset or service, excluding real estate, with a value of at least fifty thousand dollars and every group of assets and services comprising a single system with a combined value of at least fifty thousand dollars acquired through a capital or operating lease arrangement or debt financing arrangement by a state agency or institution. The list must include assets or services acquired in the current biennium and anticipated assets or services to be acquired in the next biennium.

9. ~~Such~~ Any other information as the director of the budget ~~deems~~ determines desirable or as is required by law.

(Effective after June 30, ~~2003~~ 2005) Preparation of the budget data - Contents. The director of the budget, through the office of the budget, shall prepare budget data which must contain and include the following:

1. Summary statements of the financial condition of the state, accompanied by ~~such~~ the detailed schedules of assets and liabilities as the director of the budget ~~deems~~determines desirable, which ~~shall~~ must include~~, but not be limited to,~~ the following:

   a. Summary statements of fund balances and assets showing in detail for each fund the surplus or deficit at the beginning of each of the two fiscal years of the previous biennium and the first fiscal year of the present biennium, the actual revenue for those years, the total appropriations for the previous and present biennium, and the total expenditures for those fiscal years; and

   b. Similar summary statements of the estimated fund balances and assets for the current fiscal year and each of the fiscal years of the next biennium.

   Summary statements may include~~, but not be limited to,~~ a comparative consolidated balance sheet showing all the assets and liabilities of the state and the surplus or deficit, as the case may be, at the close of the first fiscal year of the current biennium.

2. Statements of actual revenue for the previous biennium, the first year of the present biennium, and the estimated revenue of the current fiscal year and of the next biennium, and a statement of unappropriated surplus expected to have accrued in the state treasury at the beginning of the next fiscal year. The statements of revenue and estimated revenue must be classified by sources and by budget unit collecting them. Existing sources of revenue must be analyzed as to their equity, productivity, and need for revision, and any proposed new sources of revenue must be explained.

3. Summary statements of expenditures of the previous biennium and first year of the present biennium, itemized by budget units and classified as prescribed by the director of the budget.

4. Detailed comparative statements of expenditures and requests for appropriations by funds, budget units and classification of expenditures, showing the expenditures for the previous biennium, the first fiscal year of

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the present biennium, the budget of the current biennium, and the governor's recommendation for appropriations for each budget unit for the next biennium, all distributed according to the prescribed classification of expenditures. Following the lists of actual and proposed expenditures of each budget unit there must be a brief explanation of the functions of the unit and comments on its policies and plans and on any considerable differences among the amounts recommended, with ~~such~~ any descriptive, quantitative, comparative, and other data as to work done, unit costs, and like information as may be considered necessary or desirable. For capital outlay expenditures involving construction projects to be completed in two or more fiscal years, there must be shown the total estimated cost of each such project and the amount thereof recommended to be appropriated and expended in each ensuing fiscal year until completion of the project. Capital outlay needs may be projected for at least two years beyond the period covered by the budget.

5. A detailed statement showing the estimate of all moneys required to be raised or appropriated for the payment of interest upon the funded debt of the state and its other obligations bearing interest, and the amount of money required to be contributed in the two next ensuing fiscal years to the general sinking funds maintained for the redemption and payment of the debts of the state.

6. A summary statement of the unappropriated fund balance estimated to be available at the beginning of the next biennium, and the estimated revenue of the next biennium, as compared with the total recommended amounts of appropriation for all classes of expenditures for the next biennium, and if the total of the recommended expenditures exceeds the total of the estimated resources, recommendations as to how the deficiency is to be met and estimates of any proposed additional revenue.

7. Drafts of a proposed general appropriations act and special appropriations acts embodying the budget data and recommendations of the governor for appropriations for the next biennium and drafts of such revenues and other acts recommended by the governor for putting into effect the proposed financial plan. The recommended general appropriation for each budget unit must be specified in a separate section of the general appropriations act.

8. A list of every individual asset or service, excluding real estate, with a value of at least fifty thousand dollars and every group of assets and services comprising a single system with a combined value of at least fifty thousand dollars acquired through a capital or operating lease arrangement or debt financing arrangement by a state agency or institution. The list must include assets or services acquired in the current biennium and anticipated assets or services to be acquired in the next biennium.

9. ~~Such~~ Any other information as the director of the budget ~~deems~~ determines desirable or as is required by law.

SECTION 23. AMENDMENT. Section 54-44.1-11 of the North Dakota Century Code is amended and reenacted as follows:

54-44.1-11. (Effective through June 30, ~~2003~~2005) Office of management and budget to cancel unexpended appropriations - When they may continue. Except as otherwise provided by law, the office of management and budget, thirty days

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after the close of each biennial period, shall cancel all unexpended appropriations or balances of appropriations after the expiration of the biennial period during which they became available under the law. Unexpended appropriations for the North Dakota university system are not subject to this section and the North Dakota university system shall report on the amounts and uses of funds carried over from one biennium to the next to subsequent appropriations committees of the legislative assembly. The chairmen of the appropriations committees of the senate and house of representatives of the legislative assembly with the office of the budget may continue appropriations or balances in force for not more than two years after the expiration of the biennial period during which they became available upon recommendation of the director of the budget for:

1. New construction projects.
2. Major repair or improvement projects.
3. Purchases of new equipment costing more than ten thousand dollars per unit if it was ordered during the first twelve months of the biennium in which the funds were appropriated.
4. The purchase of land by the state on a "contract for deed" purchase if the total purchase price is within the authorized appropriation.

(Effective after June 30, ~~2003~~ 2005) Office of management and budget to cancel unexpended appropriations - When they may continue. The office of management and budget, thirty days after the close of each biennial period, shall cancel all unexpended appropriations or balances of appropriations after the expiration of the biennial period during which they became available under the law. The chairmen of the appropriations committees of the senate and house of representatives of the legislative assembly with the office of the budget may continue appropriations or balances in force for not more than two years after the expiration of the biennial period during which they became available upon recommendation of the director of the budget for:

1. New construction projects.
2. Major repair or improvement projects.
3. Purchases of new equipment costing more than ten thousand dollars per unit if it was ordered during the first twelve months of the biennium in which the funds were appropriated.
4. The purchase of land by the state on a "contract for deed" purchase if the total purchase price is within the authorized appropriation."

Page 6, line 3, remove "subdivisions 1"

Page 6, line 4, remove "and 2 of" and replace "section 17" with "sections 12, 13, and 14"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1003 - Summary of House Action

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	BUDGET	CHANGES	VERSION
University System office			
Total all funds	$467,577,358	($403,169,542)	$64,407,816
Less estimated income	115,498,722	(110,143,215)	5,355,507
General fund	$352,078,636	($293,026,327)	$59,052,309
Bismarck State College			
Total all funds	$0	$17,528,038	$17,528,038
Less estimated income	$0	1,785,000	1,785,000
General fund		$15,743,038	$15,743,038
Lake Region State College			
Total all funds	$0	$5,383,655	$5,383,655
Less estimated income	$0	375,000	375,000
General fund		$5,008,655	$5,008,655
Williston State College			
Total all funds	$0	$5,407,971	$5,407,971
Less estimated income	$0	$5,407,971	$5,407,971
General fund			
University of North Dakota			
Total all funds	$0	$140,347,079	$140,347,079
Less estimated income	$0	53,300,000	53,300,000
General fund		$87,047,079	$87,047,079
UND Medical Center			
Total all funds	$0	$30,268,879	$30,268,879
Less estimated income	$0	$30,268,879	$30,268,879
General fund			
North Dakota State University			
Total all funds	$0	$94,613,514	$94,613,514
Less estimated income	$0	26,000,000	26,000,000
General fund		$68,613,514	$68,613,514
State College of Science			
Total all funds	$0	$28,217,311	$28,217,311
Less estimated income	$0	3,668,920	3,668,920
General fund		$24,548,391	$24,548,391
Dickinson State University			
Total all funds	$0	$24,866,887	$24,866,887
Less estimated income	$0	10,882,047	10,882,047
General fund		$13,984,840	$13,984,840
Mayville State University			
Total all funds	$0	$14,119,424	$14,119,424
Less estimated income	$0	5,505,000	5,505,000
General fund		$8,614,424	$8,614,424
Minot State University			
Total all funds	$0	$26,166,992	$26,166,992
Less estimated income	$0	$26,166,992	$26,166,992
General fund			
Valley City State University			
Total all funds	$0	$15,494,712	$15,494,712
Less estimated income	$0	4,085,300	4,085,300
General fund		$11,409,412	$11,409,412
Minot State University - Bottineau			
Total all funds	$0	$4,169,664	$4,169,664
Less estimated income	$0	$4,169,664	$4,169,664
General fund			
Forest Service			
Total all funds	$2,915,258	($51,982)	$2,863,276
Less estimated income	1,090,001		1,090,001
General fund	$1,825,257	($51,982)	$1,773,275
Bill Total			
Total all funds	$470,492,616	$3,362,602	$473,855,218
Less estimated income	116,588,723	(4,541,948)	112,046,775
General fund	$353,903,893	$7,904,550	$361,808,443

House Bill No. 1003 - General Fund Summary

	EXECUTIVE BUDGET	HOUSE CHANGES	HOUSE VERSION
University System office	$352,078,636	($293,026,327)	$59,052,309
Bismarck State College		15,743,038	15,743,038

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Lake Region State College		5,008,655	5,008,655
Williston State College		5,407,971	5,407,971
University of North Dakota		87,047,079	87,047,079
UND Medical Center		30,268,879	30,268,879
North Dakota State University		68,613,514	68,613,514
State College of Science		24,548,391	24,548,391
Dickinson State University		13,994,640	13,994,640
Mayville State University		8,614,424	8,614,424
Minot State University		26,166,992	26,166,992
Valley City State University		11,409,412	11,409,412
Minot State University - Bottineau		4,169,664	4,169,664
Forest Service	1,825,257	(51,982)	1,773,275
Total general fund	$353,903,693	$7,904,550	$361,808,443

Detail of House Changes to the General Fund

	ALLOCATES FUNDING FOR CAMPUS EXTRAORDINARY REPAIRS [1]	ALLOCATES FUNDING FOR MAJOR CAPITAL PROJECTS [2]	CORRECTS FUNDING FOR CAPITAL ASSETS [3]	ALLOCATES FUNDING FOR CAMPUS OPERATIONS [4]	DECREASES FUNDING FOR CAMPUS OPERATIONS [5]	ADDS BONDING AUTHORITY FOR MAJOR CAPITAL PROJECT [6]
University System office	($6,832,186)	($1,651,629)		($299,415,187)		
Bismarck State College	250,000			15,800,887	($307,849)	
Lake Region State College	44,631			5,062,456	(98,632)	
Williston State College	88,790			5,424,874	(105,693)	
University of North Dakota	2,362,136			86,270,626	(1,685,683)	
UND Medical Center				30,462,510	(586,631)	
North Dakota State University	1,737,531			68,204,819	(1,328,836)	
State College of Science	773,500			24,247,302	(472,411)	
Dickinson State University	393,962			13,860,931	(270,053)	
Mayville State University	214,589			8,515,748	(165,913)	
Minot State University	612,850			26,061,907	(507,765)	
Valley City State University	265,334			11,365,513	(221,435)	
Minot State University - Bottineau	112,663			4,137,614	(80,613)	
Forest Service					(33,857)	
Total general fund	($76,000)	($1,651,629)	$0	$0	($5,867,371)	$0

	ALLOCATES FUNDING FROM BOARD INITIATIVES TO CAMPUS INITIATIVES [7]	REMOVES FUNDING FOR SYSTEM INITIATIVES [8]	REMOVES FUNDING FOR STUDENT INTERNSHIP PROGRAM [9]	ALLOCATES FUNDING FOR STUDENT GRANT PROGRAMS AND CHANGES FUNDING SOURCE [10]	INCREASES FUNDING FOR STUDENT FINANCIAL ASSISTANCE GRANTS [11]	INCREASES FUNDING FOR CAMPUS OPERATIONS [12]
University System office	($100,000)			$6,258,069		
Bismarck State College						
Lake Region State College						
Williston State College						
University of North Dakota	50,000					$50,000
UND Medical Center						395,000
North Dakota State University						
State College of Science						
Dickinson State University						
Mayville State University	50,000					
Minot State University						
Valley City State University						
Minot State University - Bottineau						
Forest Service						
Total general fund	$0	$0	$0	$6,258,969	$0	$445,000

	PROVIDES FUNDING FOR PROFESSIONAL LIABILITY INSURANCE COVERAGE	REMOVES RECOMMENDED SALARY INCREASE [13]	INCREASES FUNDING FOR RESEARCH ACTIVITIES AND CHANGES FUNDING SOURCE [14]	TOTAL GENERAL FUND CHANGES
University System office	$1,850,000	($36,294)	$7,000,000	($293,026,327)
Bismarck State College				15,743,038
Lake Region State College				5,008,655
Williston State College				5,407,971
University of North Dakota				87,047,079
UND Medical Center				30,268,879
North Dakota State University				68,613,514
State College of Science				24,548,391

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Dickinson State University				13,984,840
Mayville State University				8,614,424
Minot State University				26,166,992
Valley City State University				11,409,412
Minot State University - Bottineau				4,169,664
Forest Service		(16,125)		(51,982)
Total general fund	$1,850,000	($54,419)	$7,(30,000	$7,904,550

House Bill No. 1003 - Other Funds Summary

	EXECUTIVE BUDGET	HOUSE CHANGES	HOUSE VERSION
University System office	$116,496,722	($110,143,215)	$5,355,507
Bismarck State College		1,785,000	1,785,000
Lake Region State College		375,000	375,000
Williston State College			
University of North Dakota		53,300,000	53,300,000
UND Medical Center			
North Dakota State University		26,000,000	26,000,000
State College of Science		3,668,920	3,668,920
Dickinson State University		10,682,047	10,682,047
Mayville State University		5,505,000	5,505,000
Minot State University			
Valley City State University		4,085,300	4,085,300
Minot State University - Bottineau			
Forest Service	1,090,001		1,090,001
Total other funds	$118,586,723	($4,541,948)	$112,046,775

Detail of House Changes to Other Funds

	ALLOCATES FUNDING FOR CAMPUS EXTRAORDINARY REPAIRS 1	ALLOCATES FUNDING FOR MAJOR CAPITAL PROJECTS 2	CORRECTS FUNDING FOR CAPITAL ASSETS 3	ALLOCATES FUNDING FOR CAMPUS OPERATIONS 4	DECREASES FUNDING FOR CAMPUS OPERATIONS 5	ADDS BONDING AUTHORITY FOR MAJOR CAPITAL PROJECT 6
University System office		($94,278,920)	($105,326)			
Bismarck State College		1,785,000				
Lake Region State College		375,000				
Williston State College						
University of North Dakota		53,300,000				
UND Medical Center						
North Dakota State University		26,000,000				
State College of Science		3,668,920				
Dickinson State University		5,000,000				$5,682,047
Mayville State University		4,150,000				1,355,000
Minot State University						
Valley City State University						4,085,300
Minot State University - Bottineau						
Forest Service						
Total other funds	$0	$0	($105,326)	$0	$0	$11,322,347

	ALLOCATES FUNDING FROM BOARD INITIATIVES TO CAMPUS INITIATIVES 7	REMOVES FUNDING FOR SYSTEM INITIATIVES 8	REMOVES FUNDING FOR STUDENT INTERNSHIP PROGRAM 9	ALLOCATES FUNDING FOR STUDENT GRANT PROGRAMS AND CHANGES FUNDING SOURCE 10	INCREASES FUNDING FOR STUDENT FINANCIAL ASSISTANCE GRANTS 11	INCREASES FUNDING FOR CAMPUS OPERATIONS 12
University System office	($5,000,000)	($2,000,000)	($8,258,969)	$1,500,000		
Bismarck State College						
Lake Region State College						
Williston State College						
University of North Dakota						
UND Medical Center						
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						

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Total other funds	$0	($5,000,000)	($2,000,000)	($6,258,969)	$1,500,000	$0

	PROVIDES FUNDING FOR PROFESSIONAL LIABILITY INSURANCE COVERAGE	REMOVES RECOMMENDED SALARY INCREASE 13	INCREASES FUNDING FOR RESEARCH ACTIVITIES AND CHANGES FUNDING SOURCE 14	TOTAL OTHER FUNDS CHANGES
University System office			($4,000,000)	($110,143,218)
Bismarck State College				1,785,000
Lake Region State College				375,000
Williston State College				
University of North Dakota				53,300,000
UND Medical Center				
North Dakota State University				26,000,000
State College of Science				3,668,920
Dickinson State University				10,862,047
Mayville State University				5,505,000
Minot State University				
Valley City State University				4,085,300
Minot State University - Bottineau				
Forest Service				
Total other funds	$0	$0	($4,000,000)	($4,541,948)

House Bill No. 1003 - All Funds Summary

	EXECUTIVE BUDGET	HOUSE CHANGES	HOUSE VERSION
University System office	$467,577,358	($403,169,542)	$64,407,816
Bismarck State College		17,526,038	17,526,038
Lake Region State College		5,383,655	5,383,655
Williston State College		5,407,971	5,407,971
University of North Dakota		140,347,079	140,347,079
UND Medical Center		30,268,879	30,268,879
North Dakota State University		94,613,514	94,613,514
State College of Science		28,217,311	28,217,311
Dickinson State University		24,866,867	24,866,867
Mayville State University		14,119,424	14,119,424
Minot State University		26,166,992	26,166,992
Valley City State University		15,494,712	15,494,712
Minot State University - Bottineau		4,169,664	4,169,664
Forest Service	2,915,258	(51,982)	2,863,276
Total all funds	$470,492,616	$3,362,602	$473,855,218
FTE	2,400.38	0.00	2,400.38

Detail of House Changes to All Funds

	ALLOCATES FUNDING FOR CAMPUS EXTRAORDINARY REPAIRS 1	ALLOCATES FUNDING FOR MAJOR CAPITAL PROJECTS 2	CORRECTS FUNDING FOR CAPITAL ASSETS 3	ALLOCATES FUNDING FOR CAMPUS OPERATIONS 4	DECREASES FUNDING FOR CAMPUS OPERATIONS 5	ADDS BONDING AUTHORITY FOR MAJOR CAPITAL PROJECT 6
University System office	($6,932,186)	($95,930,549)	($105,326)	($299,415,187)		
Bismarck State College	250,000	1,785,000		15,800,887	($307,849)	
Lake Region State College	44,831	375,000		5,062,456	(98,632)	
Williston State College	88,790			5,424,874	(105,693)	
University of North Dakota	2,362,136	53,300,000		86,270,626	(1,685,683)	
UND Medical Center				30,462,510	(588,631)	
North Dakota State University	1,737,531	26,000,000		68,204,819	(1,328,836)	
State College of Science	773,500	3,668,920		24,247,302	(472,411)	
Dickinson State University	393,962	5,000,000		13,860,931	(270,053)	$5,862,047
Mayville State University	214,500	4,150,000		8,515,748	(165,913)	1,355,000
Minot State University	612,850			26,061,907	(507,765)	
Valley City State University	265,334			11,365,513	(221,435)	4,085,300
Minot State University - Bottineau	112,663			4,137,614	(80,613)	
Forest Service					(33,857)	
Total all funds	($76,000)	($1,651,629)	($105,326)	$0	($5,867,371)	$11,322,347
FTE	0.00	0.00	0.00	0.00	0.00	0.00

ALLOCATES FUNDING FOR

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	ALLOCATES FUNDING FROM BOARD INITIATIVES TO CAMPUS INITIATIVES [7]	REMOVES FUNDING FOR SYSTEM INITIATIVES [8]	REMOVES FUNDING FOR STUDENT INTERNSHIP PROGRAM [9]	STUDENT GRANT PROGRAMS AND CHANGES FUNDING SOURCE [10]	INCREASES FUNDING FOR STUDENT FINANCIAL ASSISTANCE GRANTS [11]	INCREASES FUNDING FOR CAMPUS OPERATIONS [12]
University System office	($100,000)	($5,000,000)	($2,000,000)		$1,500,000	
Bismarck State College						
Lake Region State College						
Williston State College						
University of North Dakota	50,000					$50,000
UND Medical Center						395,000
North Dakota State University						
State College of Science						
Dickinson State University						
Mayville State University	50,000					
Minot State University						
Valley City State University						
Minot State University - Bottineau						
Forest Service						
Total all funds	$0	($5,000,000)	($2,000,000)	$0	$1,500,000	$445,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	PROVIDES FUNDING FOR PROFESSIONAL LIABILITY INSURANCE COVERAGE	REMOVES RECOMMENDED SALARY INCREASE [13]	INCREASES FUNDING FOR RESEARCH ACTIVITIES AND CHANGES FUNDING SOURCE [14]	TOTAL ALL FUNDS CHANGES
University System office	$1,850,000	($36,294)	$3,000,000	($403,169,542)
Bismarck State College				17,528,038
Lake Region State College				5,383,655
Williston State College				5,407,971
University of North Dakota				140,347,079
UND Medical Center				30,268,879
North Dakota State University				94,613,514
State College of Science				28,217,311
Dickinson State University				24,866,887
Mayville State University				14,119,424
Minot State University				26,166,992
Valley City State University				15,494,712
Minot State University - Bottineau				4,169,664
Forest Service		(18,125)		(51,962)
Total all funds	$1,850,000	($54,419)	$3,000,000	$3,362,602
FTE	0.00	0.00	0.00	0.00

1 The executive budget recommendation for the University System office capital assets line item includes funding of $6,932,186 from the general fund for campus extraordinary repairs. This amendment allocates the funding of $6,856,186 to individual higher education institutions based on the institutions' 2003-05 hold-even capital assets budget request and reduces funding from the general fund by $76,000.

2 This amendment removes funding of $1,651,629 from the general fund from the capital assets line item provided in the executive budget recommendation for the State Board of Higher Education to allocate for major capital projects, and the amendment allocates $94,276,920 of special funds provided for major capital projects from the capital assets line item to individual higher education institutions.

3 The executive budget recommendation includes funding of $3,134,517 from bonding proceeds for energy improvement projects at North Dakota State University ($1,077,977) and the University of North Dakota ($1,951,214) and inadvertently includes funding of $105,326 for an energy improvement project at the Department of Corrections and Rehabilitation. Therefore, this amendment removes the funding inadvertently included for an energy improvement project at the Department of Corrections and Rehabilitation.

4 The executive budget recommendation consolidates the funding for the support of the operations of the higher education institutions in the University System office line item campus operations. This amendment allocates the funding of $299,415,187 from the general fund provided in the University System office campus operations line item to the individual higher education institutions.

5 This amendment decreases funding for higher education institutions and the Forest Service's operations budgets by a total of $5,867,371 from the general fund.

6 This amendment authorizes the Industrial Commission to issue bonds totaling $8,022,347 for construction costs associated with the following projects:

Dickinson State University	Murphy Hall Phase I addition	$5,682,047
Valley City State University	Graichen Gymnasium elevator and emergency exits	$785,300
Mayville State University	Steamline replacement Phase II	$1,355,000

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In relation, this amendment establishes an escrow account for the purpose of making the first two annual lease rental payments for retirement of the bonds. The escrow account is to consist of up to $1,310,000 transferred from the general fund amounts appropriated for capital assets in subdivision 1 of Section 1 and $250,000 provided as local responsibility from other Dickinson State University fund sources.

In addition, this amendment authorizes the State Board of Higher Education to issue revenue bonds in the amount of $3,300,000 for renovation of Kolstoe Hall at Valley City State University.

7 This amendment allocates funding of $100,000 from the general fund from the board initiatives line item to the University of North Dakota for the university's Nordic initiative ($50,000) and to Mayville State University for improvements in Old Main ($50,000).

8 This amendment removes funding of $5 million from the student loan trust fund for system initiatives. The funding was to be allocated by the State Board of Higher Education to establish centers of excellence at higher education institutions.

9 This amendment removes funding of $2 million from the student loan trust fund for a new student internship program to support internships for students entering growth industries that have critical shortages of available employees.

10 This amendment allocates funding from the student grant programs line item to separate program line items--student financial assistance grants, professional student exchange program, scholars program, Native American scholarships, and education incentive programs and changes the funding source for the programs from primarily the student loan trust fund to primarily the general fund.

11 This amendment increases special funds spending authority for the student financial assistance grants by $1.5 million relating to the potential payments that may be received under the North Dakota-Minnesota reciprocity agreement.

12 This amendment increases funding for the University of North Dakota by $50,000 from the general fund for a grant to the University of North Dakota Athletic Department for a Canadian marketing initiative relating to the 2005 World Junior Hockey Tournament ($50,000). The amendment also increases funding for the University of North Dakota Medical School by $395,000 from the general fund.

13 This amendment removes the Governor's recommendation for state employee salary increases and retains the recommended state payment for health insurance premiums. This only affects the North Dakota University System office and the Forest Service. The executive budget recommendation included no funding for recommended salary increases and health insurance increases for higher education institutions.

14 This amendment changes the funding source for competitive research from $4 million from the student loan trust fund to $4 million from the general fund and increases the funding from the general fund by $1 million, from $4 million to $5 million. The amendment also provides $2 million from the general fund for centers for excellence.

House Bill No. 1003 - Other Changes - House Action

This amendment also:

- Removes Sections 3, 4, and 5 of the bill as introduced relating to the system initiatives, campus operations, and student grant program line items as the line items are removed in the amendment.
- Amends Section 6 of the bill as introduced to clarify language regarding funding included in the University System office capital assets line item.
- Removes Section 13 of the bill as introduced relating to higher education institutions' transfer authority.
- Removes Section 16 of the bill relating to appropriations from the student loan trust fund.
- Amends Section 17 of the bill as introduced to provide revenue bond authority and appropriate revenue bond proceeds for the following projects:

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Bismarck State College - Student apartments	$1,785,000
Lake Region State College - North Hall residence hall renovation	$375,000
Mayville State University - Fieldhouse renovation and addition	$3,000,000
North Dakota State University - Bison Court construction	$11,000,000
University of North Dakota - Airport hangar	$2,000,000
University of North Dakota - Wellness Center	$8,000,000
University of North Dakota - Athletic complex	$13,000,000
Valley City State University - Kolstoe Hall renovation	$3,300,000

The section is also amended to appropriate $1 million of special funds to Mayville State University for additional funds to assist in the renovation and addition of the fieldhouse.

- Adds a section providing for the allocation of student financial assistance grant funds.
- Adds a section providing a transfer of $13,258,969 from the student loan trust to the general fund.
- Adds a section of legislative intent regarding the use of funds appropriated to the North Dakota University System office for competitive research - centers for excellence.
- Amends North Dakota Century Code Section 15-10-08 relating to the compensation for members of the State Board of Higher Education to change the per diem from $62.50 to $100.
- Incorporates the provisions of House Bill No. 1039 relating to the appropriation of higher education special funds, House Bill No. 1040 relating to the carryover of unexpended higher education appropriations, House Bill No. 1041 relating to the University System budget request and appropriations bill that would expire on June 30, 2005, and House Bill No. 1042 relating to higher education accountability measures.

The following is a summary of the funding recommended for higher education in the executive budget and the funding included in this amendment:

	2003-05 EXECUTIVE BUDGET	PROPOSED AMENDMENT	INCREASE (DECREASE)
General fund appropriation	$353,903,893	$348,549,474	($5,354,419)
General fund appropriation relating to funding transferred from the student loan trust fund		13,258,969[1]	13,258,969
Total	$353,903,893	$361,808,443	$7,904,550

[1] The executive budget recommended $17,258,969 from the student loan trust fund.

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2003 SENATE APPROPRIATIONS

HB 1003

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2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1003

Day 1

Senate Appropriations Committee

☐ Conference Committee

Hearing Date February 28, 2003

Tape Number	Side A	Side B	Meter #
#1	x		140-end
#1		x	0-end
#2	x		0-end
#2		x	0 -1099
Committee Clerk Signature	Jan Hendrickson		

Minutes: **Senator Holmberg** opened the meeting with the calling of the roll. All members present.

Senator Holmberg, chair, opened the hearing on HBO 1003. He stated that the following senators would serve on the subcommittee for HBO 1003. They are: **Senator Holmberg, Senator Kringstad** and **Senator Robinson.** Today will be an overview and then each college/university will present their causes.

Dr. Richard Kunkel, Vice President State Board of Higher Education (#250). Chuck Stroup, President of the Board was unable to attend. Dr. Kunkel read most of his written testimony (Exhibit #1) which is attached. His testimony centered on the Roundtable Report. Other exhibits that he referred to included Creating A University System for the 21st Century Strategic Plan (Exhibit #2) and the Creating A University System for the 21st Century 2nd Annual

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Accountability Measures Report (Exhibit #3) (Exhibit 2 & 3 were referred to in many of the testimonies throughout the 4 days). No questions from the committee.

Bruce Furness, Mayor of Fargo, and member of the Roundtable On Higher Education (#1867) presented his testimony. He provided written testimony which is Exhibit #4 which is attached. He gave his views on the Roundtable Report and what it meant to him, and the changes in the Universities and Colleges across the state. No questions from the committee.

Dennis Hill, Executive Vice President/General Manager, NDAREC, and Roundtable member on Higher Education. (#2984). His written testimony is attached, (Exhibit #5) He also gave his feelings on the Roundtable and how it is a commitment to creating a better future for North Dakota. No questions from the committee.

Roger Reierson, (#3447) President of Flint Communications in Fargo and Chair, New Economy Initiative, Member of the Roundtable on Higher Education and a member of the Greater North Dakota Association Board of Directors. His written testimony is attached, Exhibit #6. No questions from the committee.

Guy Moos (#4412) President of Baker Boy Supply ,Dickinson; Past President GNDA. Mr. Moos spoke on behalf of GNDA. **Jay Leitch**, Chairman of the GNDA was unable to attend. Mr. Moos written testimony Exhibit #7 is attached.

Senator Mathern wanted to know if Mr. Moos supported any of the changes made by the House on HBO 1003. He wanted to know if Mr. Moos wanted this bill changed back totally to what the Governor had recommended.

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Dale Anderson, President of Greater North Dakota Association and a member of the Roundtable on Higher Education responded that it was the position of GNDA to support the original bill, and recommends that the Senate put back the funding that was taken away by the House.

Larry Isaak, Chancellor, Board of Higher Education (#5190). No written testimony. He stated that the Roundtable was a great idea and has made many changes in the University system. He game some history of the Higher Education. No questions from the committee

Laura Glatt, Vice Chancellor for Administrative Affairs (#5929). She gave her testimony on Exhibit #8. She went through the Amendments to General Fund and Student Loan Trust Funds, Amendments to other funds, and a summary of House Amendments to HBO 1003.

Tape #1 Side A end. Tape #1 Side B starts which is a continuation of **Laura Glatt** testimony. **Senator Grindberg** (#169) He wanted to clarify that the $395,000 is for the School of Medicine every biennium, vs. a lump sum negotiation. **Laura** stated that it certainly was, unless the committee took steps next session to remove that funding, but it you left it as part of their base it would continue. **Laura** continued with her testimony. She continued with the budget needs and shortfalls including the salaries, health care, for all employees. Questions for **Laura: Senator Holmberg** (#918). He wanted to know if it was true that this budget was at 100% vs 95% that other agencies had to submit and that difference would be what? **Laura** stated that other agencies were told to put in a 95% budget in order for them to fund the health insurance and the salary increase. In our case, we were instructed to build a 100% budget request and self fund those. If we had done the budget both ways, we would have been at a 93-94% budget, if we would have had to cut and then have the Governor restore the funding for the health and the salary, we would have had to submit a 93-94% budget. **Senator Grindberg** wondered if these

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items that she just walked the committee through were just for information. Laura stated it was.

Senator Grindberg stated that there were 2 programs in the presentation that are not going on now. **Laura** agreed that was true, she made a mistake. She also stated that the actions taken here and the general fund and the cuts that have to be taken will have a impact on our tuition rates that we set. Either we have to look for the money internally or have to generate some new revenue sources, tuition being one of those. **Senator Christmann** (#1194) Wanted clarification on funding regarding salaries. **Laura** explained that salaries granted in one session did not cover the last 6 months of the year (for example - salaries granted in 2001-03 do not cover raises from July 1st, 2003 until Dec. 31, 2003--because the fiscal year is from July 1st to June 30th.). **Senator Robinson** (#1369). He wanted clarification on whether it was correct that they would have to raise tuition $55.00 per year per student to make up the reduction made by the House. **Laura** responded that was correct. **Senator Andrist**: (#1414) One of the tough love decision we have had to make this session is to probably forgo additional salary increases. His concern is that if Higher Education plans to put in that $7 million that gives the committee a real problem with our dealings with K-12 educators and other state employees. **Senator Grindberg**: He wanted to know if there would be an analysis of other states and their tuition rates. **Laura** stated that there are several different pieces of information in the information packets that deal with this and that each college/university will be addressing their tuition increases when they give their presentations. **Senator Grindberg** wanted to know if they would be comparing to like institutions? Laura stated they had a report that they would share that shows what other states are doing. **Senator Mathern**: (#1631) Is there a decision already that is to grant salary increases? **Laura** (#1666) stated that there has been no decision made. She continued on to explain how the

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budget was made up regarding the salary increases. **Laura** continued to address the amendments to other funds made by the House. **Senator Krauter** (#2092) He wanted to know why Laura thought they would not get any payments from Minnesota. Laura responded that the way the formula works is there is a break even exchange in the number of students going between the two states. No cash changes hands if there is an even number, but the exchange usually doesn't work that way, North Dakota usually ends up importing more Minnesota students than we send to them. So the formula works that the state educating more students than the break even exchange, makes a payment to the other state for the variable cost of educating those students. Historically, that has been what the payment has been, the intent of the agreement either the student or the state covers that cost of the education and in the past the student pays part of it and the state pays part of it. In the state of Minnesota the tuition rates have been increasing so much in recent years, the student has been paying all of the cost of the education and the state has not been paying anything, because the Minnesota student comes to North Dakota, they pay the Minnesota State University rate, so our institutions are collecting that variable rate of education at the time the student pays their tuition and fees. They are collecting more fees than in the past, so they are getting it at the front door when the student shows up, so the state of Minnesota is not having to make the cash payment. We are still getting the money, it is just a different way of collecting it.. Laura continued her testimony.

Chancellor Larry Isaak (#3134). He spoke from Exhibit # 9 which is attached. Which is the State Board of Higher Education's Recommended Positions of 2003-05 Budgets Related to the North Dakota University System. Chancellor Isaak spoke about each of the positions that the State Board of Higher Education has taken regarding the budgets, flexibility with accountability

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legislation, Centers of Excellence (legislative intent), restore funding that was taken out by the House for workforce training to the Board of Vocational Education's budget, restoration of internship funding; reinstate authority to permit transfer of funds from operations to capital assets bonding for three major capital project priorities, bonding for energy improvement projects at UND & NDSU, restore funding to the campuses that was taken out by the House, and other recommendations.

Senator Andrist (#4057) Commented that the Internship program was an important part of the student's education, it takes what the student has learned in the classroom and put those ideas into use in the private sector. **Chancellor Isaak** agreed. **Senator Christmann** (#4270) Regarding the transferring of funds from operations to capital assets, how do we make sure that we end up with a big building and no parking lot or something like that, so we have spent all of this money on a building and now we have to have a parking lot. **Chancellor Isaak** responded that first of all for any new building, that requires legislative authorization. That line item that we are taking about, capital assets is for repairs, renovations, etc. **Senator Holmberg** (#4522) He wondered if there would be those that would argue that because we have kinda reached our bonding limit under current law, this is a way to allow the projects to go forth this time, but it makes the next legislature obligated to bond for the rest of that money? **Chancellor Isaak** responded that all of the bonding would take place if the authority was there, there wouldn't be any additional bonding, the projects would be build in this next biennium. The payments would have to be made into future biennium's, and what this does is puts the money there to make that payment in 2005-07 when that cap has been reached. It is addressing the issue very directly, if the legislature is making a direct decision and setting aside funds for these projects, they are very critical

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projects. There are health and safety issues and they will be there 2 years from now and with inflation and construction costs, they will probably cost a little more, so it is a wise use when interest rates are pretty favorable to try and move ahead with some projects. **Senator Thane**: (#4712) What assurance do we have that the others on this priority list will move up in position, or is there an impartial group that will decide this list could be juggled a little, someone moved up or down. He was concerned about if the other projects would move up once these 3 projects were done. **Chancellor Isaak** (#4830) responded that the Board, every two years, set a priority list. He stated that he could not give absolute assurance that project 4 on this year's list would become number 1 on the list next year, but his guess would be that project 4 would be very high on next year's list. The Board looks at this every 2 years and things change. He would guess that the projects would advance up as the year's go on. He also stated that the Board takes an objective view of all of the projects. **Senator Thane** stated that was what he wanted to hear. **Senator Grindberg** : (#5050) He asked Chancellor Isaak to explain to the committee how the staff evaluation process that relays information to the Board. It is Chancellor Isaak's team relaying information to the Board. **Chancellor Isaak** (#5095) responded that each campus puts together information that is given to the Board and the staff. The Board is the ultimate authority, in terms of this ranking, they have an opportunity to review all projects, to rank each project. He also recommends to the Board what he thinks the priorities should be, and that doesn't always agree with the Board. **Chancellor Isaak** continued with his testimony, which included the restoration of funds which were included in the Executive Budget but reduced in House and to fund the costs that were not included in the Executive or House Budget, and finally to fund the

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costs to continue HBO 1021 which were not included in the House Budget for Experiment Station and Extension Service budgets which were not funded.

Questions: (#5856)

Senator Holmberg wanted to know about teacher retraining scholarships, which the school districts received $15.4 million from the federal government for. This was for teacher training and recruiting. Are these in harmony or this program as necessary as it was a couple of years ago? **Chancellor Isaak** stated that he wasn't the right person to answer this as they weren't going to be dealing with the $15.4 million, that is through another agency. **Senator Holmberg** replied that the school districts received this directly, and **Chancellor Isaak** stated that **Mike Hillman,** who has administered this program who could give his thoughts on how this program has been administered. There has been good demand for this program. **Mike Hillman, Vice Chancellor for Academic and Student Affairs with the system.** He thought that all were guessing with the new requirements and with the changes in funding, it is probably too early to tell. The way the program has been structured they have had a number of teachers that have made use of the program. He thought it might be too early to tell how coordinated that additional money is going to be, how targeted the schools investments will be in focusing on teachers and those particular situations. It has been put to good use so far, but it might be too early to tell about the new one. **Senator Bowman** wanted to know if Mr. Hillman has actually worked with the school districts to see how they mesh. **(Tape #1 Side B ends here -- Tape #2 Side A starts with Mr. Hillman's response) Mr. Hillman (#0)** responded that they have a great working relationship. He then went into detail about options open to the teachers and the colleges regarding the use of this money and retraining of teachers. **Senator Andrist** (#228) One of the reoccurring problems

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that we get that there is too much duplication of programs especially between the two universities in the valley that are only about 80 miles apart and in particular the doctoral programs. Does the Board or your office have a hands on evaluation of these programs? He had heard of Doctoral programs that only had 3 students in it, and one wonders if there isn't some way to get more efficiency by avoiding these kinds of duplications? Or do you address this? Chancellor Isaak replied that the Board looked at every program very carefully. Every new program requires Board approval. There has to be information about demand and what the projections are in terms of students, etc. They are then re-reviewed after the first graduation class to see how that matched with what you said you were going to do, etc. In some cases, we will use outside consultants to evaluate. NDSU had a request in for a doctoral program in education, we are in the process of using an outside consultant to evaluate this. UND has doctoral programs in education. We have also had requests from the 4 year colleges to offer graduate credits in education, as well as in Library Science. So we have hired consultants to come in and give us some evaluations of what they think of these programs and where we should be heading in education in terms of graduate programs. The Board is scheduled to receive that report on March 20th. The Doctoral programs between UND and NDSU, you will hear about these next week, there are good numbers attending at NDSU where the programs are new. The thinking before was that if one university had the program no one else needed it. But there are needs, who would have thought, 30 years ago that another institution would offer an undergraduate degree in agriculture, there is one in Dickinson now, because of the demand in that part of the state. NDSU worked with Dickinson to get that program going. That is an example of how the Roundtable handled the question of duplication of program---if there is a need then the Board has to look at the possibility of starting

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that program where it is needed, depending on other factors. If there is a targeted audience, a different audience, and you can demonstrate that that is there, yes the program is duplicated, but it is serving another targeted audience. This is where the Board stands on duplicate programs.

Senator Andrist (#580) wanted to know to what degree is there an expectation that a Doctoral program should be self supporting? Is more so, than undergraduate programs? **Chancellor Isaak** stated that it was, because you have a research component in Doctoral programs that is attracting some federal money, tuition is higher for Doctoral programs, etc. Doctoral programs do have small number of students. In the past 2 years, the campus have funded the new doctoral programs with the appropriated funds they have raised. **Senator Robinson** (#680) He wanted to know if the salaries in our state where taken into consideration when our state is compared to others regarding tuition? Also earning potential, etc. There are few options for funding this, it is either General Funds or private support and tuition. **Chancellor Isaak** responded that the accountability that was required by the Legislature last session handles this question. It asks how affordable is tuition, it is found on page 30 in the Accountability Measures Report (Exhibit #3).

Chancellor Isaak stated that they would come back to the Long-term Finance Plan (Exhibit #10) and the Accountability Measures (Exhibit #3) when the committee is available or when the committee wants to hear about them.

Senator Holmberg stated that he wanted to make sure that Valley City State University had time today, so they would come back to these other at another time.

Chris Frost (#980) North Dakota Student Association president (Exhibit #11 written testimony). He talked about the Legislative priorities and the talking points in his written testimony. He talked about the program fees that are increasing plus the tuition fee increase.

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Senator Krauter (#1514): He was interested in knowing more about the Internet bandwidth. He thought the legislature had provided access in classrooms, dorms rooms, to the University system and now it is being said that it is not adequately available. **Chris** stated that UND the system can't keep up. It is nearly impossible for a student to get on the system between 4pm and midnight, and if you do you are kicked off most of the time after 15 minutes. He didn't know all of the technical aspects, but he believed that there was not the space needed for the vastly growing number of students that are coming to the campuses. **Laura** stated that it starts with the bandwidth of the network and we only have enough money to buy so much of that space. With more students, and more courses going on the Internet, more course work and we introduce more technology into the curriculum, so that students are using multi-media sources for their courses, and a push for a common calendar, which means all of the students will registering at the same time, all of the faculty trying to enter grades at the same time, that just puts more pressure on the system and without expanding the bandwidth, then the students experience poor response time or no response time because the system comes down. **Senator Krauter** wondered where ConnectND fit into this. **Laura** responded that in terms of ConnectND, it won't really resolve the issue of the bandwidth, that is an infrastructure and ConnectND is a software issue. It will add pressure to the network, because what ConnectND does is it takes what is now a centralized administrative system and decentralizes it. The beauty of that is that students can check grades and parents can check things, but then you have more people hitting the network. It will improve things on the administrative side in terms of availability of information and being able to get timely information, but it does impact the infrastructure issue. **Senator Holmberg** wondered if there were any regulations, for example downloading music, or those things not related to the

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educational mission? **Laura** responded that yes there has been internal discussion on that and we have left that to the institutions in terms of whether they want to block or limit the amount of bandwidth used to downloading those things. It is very difficult to identify those things that need to be blocked. You have to be very careful on what you block because some to those things are indeed educational. Each campus has been told that there is just so much money for bandwidith, based upon that your institution is allocated a certain part of that bandwidith, once you go over that amount you have to pay any additional bandwidith used. That really forces the institutions to control some of these activities. Most of the institutions take that very seriously and have put on software that try to block it to a certain extent. **Senator Mathern** (#1990) He wondered if more bandwidth was purchased with the increase of students or is there no connection? Laura replied that in Exhibit #9 there is additional request for $400,000 to address this very issue. Not for more bandwidth for downloading of music, etc, but with the increase of students, we know there is going to be higher demands. **Senator Mathern** wanted to know if the student fees were for the bandwidith. **Laura** replied that it was not, it was for the cabling, the other part is for the computer replacement in the labs, etc. **Senator Krauter** wanted to know if the ConnectND fees are they same for all campuses? **Chris** stated that is was across the board, it is presently $42.00 a semester per student.

Senator Holmberg (# 2306) stated that he had passed out the committee members a report on University System Council on College Faculty Positions Statement on the Budget, (Exhibit #12 which is attached

Henry Riegler (#2365), Chair, Council of College Facilities gave a power point presentation using Exhibit #12 and his written testimony which is Exhibit #13.

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Ralph Kingsberry (#3930) No written testimony submitted. It was suggested by Chancellor Isaak that he might want to testify before the committee. He is a member of the Higher Education Board. He is very supportive of the staff of Higher Education and of all of the campuses. He was also a big supporter of the Roundtable. He felt that all of the staff at the campuses and at the office of Higher Education have always given him the best cooperation. He has asked hundreds of questions and they have always given him all of the help that they could. He was very supportive of HB 1003, not engrossed one but the original bill. He is also a member of the Roundtable.

Valley City State University (#4742) Ellen-Earle Chaffee, Ph.D, President of the University. Her written testimony is enclosed in Exhibit #14. She felt that flexibility was very important for each campus and the salary increases is a top priority for her campus. She also touched on the bandwidth issue that Chris talked about. She showed a picture of the awards that Valley City State University had won in the past 2 years. Also included in Exhibit #14 is an Economic impact statement and awards and recognition that Valley City has received. She also touched on the other things in her testimony---From One Era to the Next: MSU and VCSU presidencies restored, New Focus Emerging; and other articles that have been published. She also stated that for the University to get back to the Governor's level of funding, they would have to raise tuition 5.8%

Tape #2 Side A ends

President Chaffee stated that for the costs to continue, they would have to raise tuition 15%, in order for a 2% increase in salary, tuition would have to be 21% and for other critical needs, tuition would have to raise 28% increases and in order to get to a 3% raise for salary the increase

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would have to be a 31% increase per year to cover the general fund and tuition shorts from the House level. This is a worksheet that they are using in the Executive team to get a grip on the scoop of the problem and options. She presented this worksheet to the facility and staff Wednesday and to the students yesterday and basically she threw herself on their mercy. They wanted to know what was the minimum, she responded that it was 15% and then she told them about the facility and staff salaries situations as they are now. They have 22 people on the staff who are 20%-40% behind market for their positions. There are a number of people on their staff who have full time jobs and qualify for public assistance. My highest paid facility member would make 60% more if he was the highest paid facility member at Moorhead. She didn't know about other North Dakota institutions. Her personal commitment to this biennium is to salaries.

Senator Andrist (#321) He stated that he admired Ellen for how well he has held the co-position at Mayville and Valley City State and he felt that both Inst' itions have grown a great deal under her leadership. He wondered why the rationale was for decoupling, mostly he was interested in what the costs would be for this decoupling. Ellen responded that her short answer to the summary to the rational is in 1993 the challenges that only the President could only address for this Institutions could be addressed 1 1/2 times and have it count for 2. In 2003, the challenges that only the President can address has to be addressed 1 1/2 times in order to count for 1 and she would summarize the challenges 10 years ago as Institutional changes and reinvigoration and today they are generating alternating sources of revenue, which requires an incredible amount of relationship building and that sort of thing that only the President can do. A study was done, which was funded through the State Board of Higher Education, that generated a lot of

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recommendations, which said that the other things they were recommending could not be done unless there are a full time President at each of the two institutions.

Bill Ament, (#444) comptroller for Valley City University. He referred the committee to the green sheets in Exhibit #1 which are the Cost to Continue. He gave his report on the budget, the cuts that would result if the House amendments go through, how much it would take to continue with and without tuition increases and what those increases would be. He also went through the Capital Projects, capital improvements, extraordinary repairs for 2001-03 and the request for 2003-05, which included Graichen Gym elevator and the emergency exits. He also have drawing of the addition both inside and outside. Miss Graichen was a health & education instructor for many years, whom the gym is named after.

With no other testimony, the hearing on HB 1003 regarding the Valley City State University budget was closed for the day. Hearing on HB 1003 will continue on Monday March 3, 2002.

(#1099)

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2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1003 - Day 2

Senate Appropriations Committee

☐ Conference Committee

Hearing Date March 3, 2003

Tape Number	Side A	Side B	Meter #
#1	x		0 - 3940
#1	x		4000 - end
#1		x	0 -1629
#1		x	1630-end
#2	x		0-4055
#2	x		4059- end
#2		x	0-3552
#2		x	3560- end
#3	x		0-1550
Committee Clerk Signature	Jan Hendrickson		

Minutes:

Senator Holmberg, (#0) opened the meeting with the calling of the roll. All members were present.

Senator Holmberg then reopened the hearing on HB 1003.

BISMARCK STATE COLLEGE:

Donna S. Thigpen, (#73) President of Bismarck State College presented her testimony (Exhibit #1 which is attached.) She gave the committee a glance at BSC which is the 4th largest enrollment in the ND University system. Her stated that they have a 3 prong mission at BSC, that is the transfer part of their mission, the technical part which prepares the student to go right into a specific field and the corporate & continuing education which is the workforce training,

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computer training, professional development, personal enrichment, conferences. She continued with the long range and strategic planning on a 3 year cycle. She stated that the college looks at where things are going, not where they have been and try to put the college in the right place at the right time to take advantage of what is coming. They come up with a list of Core Trends, things that are happening in the environment that are going to impact on the college or that the college can impact on. Then it is looked at and how it will fit in with the Roundtable and with the strategic directions of the University System and put them together in doing BSC's strategic plan. Then she went on to explain the examples of the Core Trends, which is found in her testimony These trends are turned into goals for the college, which has been very successful for the college, which shows up in the spring enrollment. There has been an increase of 43% since the Spring of 1996. **President Thigpen** continued on the enrollment figures, the online enrollment, corporate 7 continuing education numbers, and workforce training. Included in the handouts is an Economic Impact brochure, which includes a 2002 Annual from the Bismarck State College Foundation, a report on Workplace brochure, and a 2002 Bismarck State College annual report. She also gave a brief overview of the budget.

Senator Holmberg (#1427) asked that all presenters to please tell the committee what the difference in the House bill is and what you would like.

Dave Clark, (#1467) Vice President of Operations & Corporate & Continuing Education. Mr. Clark answered a question posed by **Senator Krauter** before (#1375). The question was: On the online enrollment, do you keep track of the dollars that are generated from online courses vs on campus courses. We are looking at over 900 of the potential 3000. (**President Thigpen** had responded that **Mr. Clark** could answer the question better). **Mr. Clark** stated that they did

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track the energy tuition collections separately, because that is more significant than some of the other online courses. There is a higher charge for that class also. The other online courses are pooled together with the other regular classes. **Mr. Clark** then went into his testimony which was the budget for BSC. These are found in Exhibit #1 under Budget. **Mr. Clark** stated that the tuition collections was on target, and the expenses as well. Some concern in the natural gas bills. He stated that BSC has received a $420,00 equity allocation from NDUS block grant which will be used for a long-term plan and resource allocation model. Also received is another NDUS block grant for $140,000 which is earmarked for Electrical Transmission Systems Technology Program. Economic Development is the primary sector for the Online Energy Programs, tuition and fee collections are in excess of $1.1 million for FY 02. Tuition from out-of-state students is in excess of $800,.000 which is mostly paid by energy companies. The program development was funded by grants. He also noted that the money collected from these classes goes back into research and development of programs. These classes have to be consistently updated to meet the needs of the students taking these classes. **Mr. Clark** stated that in the current biennium they have completed the Schafer Hall renovation of the 2nd and 3rd floor. The issues facing BSC for 2003-05 include Technology, Distant Education, Program Development, and Space Needs. **Mr. Clark** went over the hold even budget request and the internal reallocations and reductions. He stated that operating budget reductions are $289,000 and possible program reduction and elimination of services, totaled $108,200. He then recapped the House action on engrossed HB 1003. **Senator Holmberg** wanted to know if the $307,000 reductions was BSC share of the $5.9 million that the House took out of HB 1003. **Mr. Clark** stated that it was. **Mr. Clark** (#2435) also talked about the $2 million allocation fo. Centers for Excellence that **Governor Hoeven**

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has recommended and put into his budget. Mr. Clark would like the bill go back to what was the intent which was that the Center of Excellence are focus areas of **instruction** and research. He thought the change by the House was for research only and he felt that it should also include instruction which was in the original wording. He also stated that their energy center is a Center of Excellence and from an economic prospect there is no better project in this state.

Senator Grindberg (#2514) wanted to know a little more about the energy center. He wanted to know how BSC envisioned using any of money ($5 million) for this center, and have if they have had any involvement in the new economy initiative. **Mr. Clark** stated that they have been involved in the economy initiative, BSC has been reporting to them in regards to the energy center. There are currently 270 online energy students, these students are taking much heavier loads than other online students, so they are paying in much more tuition than other online students, about 200 of them are coming from 38 states and 1 Canadian providence. These energy plants across the country were started over 20 years ago and the workforce in these plants are aging and will be retiring in the next few years, so they are beginning to look for younger workers. The workforce in this state are much better trained and educated than in other parts of the country and so the demand is high. The feeling is that only the tip of the ice berg has been touched in this field. **Senator Grindberg** continued (#2744). If the students are paying more for this, and you are generating more income, obviously you have more costs for that program, from the state's view, wouldn't it be better to say, here is a fund - establish the guidelines that are measurable and has an impact on infrastructure and you allow the programming side to grow for a fee for service? Have you had any of those discussions? **Mr. Clark** (# 2800) replied that the internal decision to sort of separate energy out and to price it higher (Because it is in an area

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where the ability to pay is greater if they feel they are receiving great value). BSC charges $165.00 a credit hour for our energy classes, they are still about 50% of some of the, what is considered, high quality program area throughout the country. BSC have segregated that money because they have been growing and adding staff in that area as demand has increased. They did not want to have to depend on the appropriated side (general fund) to come up with the funds to staff these positions because they have to be flexible and responsive, they knew they would have to gear up and add staff quickly so they are utilizing those energy funds internally to do that. From BSC's prospective it is self supporting. **President Thigpen** added that there was grant money from the National Science Foundation and from Department of Energy and Department of Labor and it would be very helpful if BSC had a stable source of funds to build the internal infrastructure that **Senator Grindberg** is talking about.

Senator Andrist (#3036) He wanted to know if this program was self supporting now? He wanted to know what kind of profit center can that become as it grows? Is the costs for an online program grow as enrollment increases to the same degree as the costs of an on campus program? Mr. Clark responded that there are increased costs associated with distance education. The development costs are higher, so there are increased charges, so they feel they are justified in charging higher tuition rate. Mr. Clark continued with his testimony. He pointed out the other cuts from the House and what implication they would have on the college. For the Hold Even budget the tuition increase would be 11.7% and for the Engrossed House Bill the tuition increase would be 13%. He also went through the other implications that the hold even budget would have and the engrossed house bill would have. He also went through the BSC budget priorities were which was to restore the cuts made by the House to HB 1003 and BSC supports the

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flexibility with accountability legislation as permanent statute and the block grant/pooled appropriations to SBHE. BSC capital projects for 2003-05 include a Career and Technology institute which would include a Workforce training center, a higher education center, a National Energy Center . Other projects include student apartments, debt service for Wener & Swensen Halls, Wener Hall is 40 years old and needs costly improvements and revenue bond requested totals $1.8 million dollars, approximately.

President Thigpen then went through the BSC accomplishments for 2001-02.

Senator Holmberg reminded President Thigpen that the subcommittee would be looking at this bill and those senators are : Senator Holmberg, Senator Kringstad and Senator Robinson.

With no other questions or comments, Bismarck State College ended their testimony. (#3924)

MINOT STATE UNIVERSITY: (#4015)

Erik Shaar, President of Minot State University. He is in his 6th legislative session since coming to the University and to North Dakota in 1992. He presented an overview of the University, which is Exhibit #3. He did not go over the material, but asked the committee to read it when they had time. He stated that after listening to Senator Holmberg last Friday ask the University System what they would like to see changed in the House Bill as amended and forwarded to the Senate. For the record, Minot State University is **not happy,** with what the House did to the bill. President Shaar asked the Senate to make them **whole** again. President Shaar reminded the committee of the many things they had done for Minot University. He also described a particular day (Saturday) on his campus where not only where the usual classes going on, online classes, but there was also Special Olympics going on, some 500 students plus their families were also there for the State's History day, there was a 3 state piano competition going on, football recruits

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from several states where also there interviewing students and their parents, that was also the day of a play performance, plus several professors were busy working, plus speech and hearing clinics going on plus the library was crowded and busy. He stated that with the help of the Legislature, Minot University was becoming a first rate University.

Bruce Haskins (#5111) Vice President for Administration and Finance at Minot State. He went through the original 2001-03 budget, the 2001-03 adjustments and the adjusted 2001-03 budgets. He also went through the summary of 2003-05 Hold Even Budget request, the proposed house amendments to the bill, the needs based budget request. He also stated that the tuition increases would be 11% per year ($262 increase in 2003-04 and $292 increase in 2004-05). This would be for a hold even budget. The tuition increase would be 13% per year ($310 increase in 2003-04 and $350 increase in 2004-05) for the Engrossed HB 1003 version, The tuition increase of $185 or 7.9% per year would remain in place in the optional package. This is all in exhibit #3. He went through the enrollment stats for 2002, he talked about the Residence hall and apartment occupancy, (**Tape #1 Side A ended-- Tape #1 Side B continues**) the capital improvement projects, their major capital project requests for 2003-05. These included coal boiler repair that was done in 1999-01, which was paid off in 2001-02. Other projects include Hartnett Hall (elevator, remodel, ADA), campus signage, Administration first floor remodeling, projects less than $50,000, upgrade fire alarm system, asbestos abatement; athletic facilities - outdoor track, etc.. Slide show on the progression of the Old Main project.

Senator Holmberg (#659) wondered if the old seat from the auditorium were bought. **Bruce** replied that really no wanted any of them, most were just gotten rid of. The ones from the balcony were plastic and they are being used for the outdoor theater. He also stated that there are

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about 930 seating in the new auditorium. Bruce also stated that the name of McFarland Auditorium has been changed to Ann Nichole Nelson Hall, in order of the young lady from Stanley who lost her life in events of September 11, in New York City.

Questions (#1433) Senator Bowman: He wanted to know if the foreign students paid the same tuition as other students. Bruce replied that there are about 35 students, the tuition rate which has been set for many years, which applies to all institutions , is about 2 2/3 times the resident rate. There is a special program if the students meet certain criteria, they would pay less than that but it would still be at least 150% of the resident rate, which would be the lowest they would pay.

With no other questions, the hearing on the Minot State University budget was closed. (#1535)

Minot State Univeristy-Bottineau: (#1645)

Ken Gross, Campus Dean of MSU-Bottineau. He has been the campus dean since June 2001, however he has been on campus since 1975. His written testimony is Exhibit #4 which is attached. He gave an overview of the college which can be found on page 2-8 of exhibit #4. He stated that the campus hockey team is in Morristown, NY where they played in the National Junior college athletic association National tournament yesterday, and they defeated Morristown Community College, 1-0. Minot State University-Bottineau will be bringing home the National Junior College Athletic Association Ice Hockey championship trophy.

Dean Gross continued that the college has been providing instruction since 1906 and in 2006, the college will be celebrating it's centennial. Bottineau is the 5th oldest school in the state. Their mission is to provide programming in forestry, generally in the Natural Resources, in business as well a 2 year curriculum. The college has expanded to include 24 , one and two year vocational

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technical programs that result in certificates, diplomas, associate & applied science degrees, and also a comprehensive transfer program that want to be with the college for 2 years, move on, and enter a bachelor degree. Dean Gross also talked about the name changes over the years and the affiliation with Minot State University.. He talked about bringing courses to Minot at Minot State University, achievements and activities of the college. They are also doing distance education with 20 online courses in the 2001-02 school year. He talked about the four new Certificate of Completion programs in Medical Transcription, Medical Coding, Bookkeeping and Basic Grounds. They have also expanded degree offerings on the Minot campus from 5 to 7 with the addition of Advertising and Marketing and Accounting technician. He also stated that they are seeking approval for a new Environmental Technology major, and seeking approval for a new Golf Course Grounds Technician. He continued with future critical issues which included Old man which is nearing an end. There are still handicap access issues that need to be addressed and to give quality education, technology has to be updated and enhanced. He continued going through pages 2-8.

Senator Robinson (#4463) stated that he was extremely grateful for the extra mile they gave his son. He stated that this was exactly the type of college we need, one that cares about each and every student. He congratulated Ken and his staff for the extraordinary campus that he runs.

Jim Borkowski (#4580) Director of Business Affairs at Minot State - Bottineau. He gave the committee the budget summary which is on page 9-11. He gave the hold even budget, the optional budget requests, Capital project request, needs-based budget and capital project request. He also gave the Executive Recommendation and the House Amendments. On page 10 Jim explained the additional costs for 2003-05 which included the cost to continue FY03 salary

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increased, the operating inflation of 2.5% per year, health insurance increase @20,43, the 2+2 salary increases which totals to approximately $345,000, and if you add the decreases in the hold even budget you have a total of approximately $425,000 of costs that have to be funded other than general funds. Increases in tuition will be 11.28% per year. Other changes will be a 5% reduction in employees. The positions have not been decided upon yet. He described the extraordinary repairs and capital projects found on page 11. Jim talked about the Old Main replacement capital project which can be found on page 13-14

Senator Grindberg asked what the tuition increase would be in. Answer: about $1.5 million. for the biennium

David O'Connell, Senator from 6th District. He testified on behalf of the students. Legislative council is preparing the amendments. This would provide $96,970 for Bottineau for the air conditioning in Thatcher Hall. There are 4 computer labs, 2 classroom and 5 offices in the area that is not air-conditioned. Senator O'Connell stated that when he was there it was a sweat box. This area is used for summer classes, etc.. **Senator O'Connell** asked the committee to consider this amendment. Thatcher Hall was built in 1949 and the windows face the south and there is no ventilation in the building.

With no other testimony for the Minot State Univesity-Bottineau, the hearing was closed.

(end of tape--Tape 1 side B)

NDSCS hearing was opened (Tape #2 Side A).

Bruce Eckre, Representative from Wahpeton, District 25 gave testimony from Exhibit #5 regarding program costs for NDSCS. Exhibit #5 is attached. He talked about the need to have full time faculty in order to teach the trade tech classes that are taught at NDSCS. He was

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concerned that if NDSCS had to take the same percentage of cuts as the other institutions then it would really hurt the trade tech courses taught. He stated that they would be cutting out vital classes that industry needs in North Dakota.

Dr. John Richman, Interim Vice President for Instructional Affairs for North Dakota State College of Science (NDSCS), presented the NDSCS overview. President, **Dr. Sharon Hart** was unable to attend. His written testimony is Exhibit #6 which is attached.. **Dr. Richman** stated the goals for the college, which can be found on page 4 of his testimony. He also talked about the accomplishments which included the enrollment statistics, student residency, transfer students. On page 15, gives examples on how successful NDSCS students are once they have graduated and taken national exams that compare NDSCS students with others students from colleges of like size. These results are based on the first time the students take these tests. He also stated that NDSCS students far exceed the national averages on these tests. He also stated that on page 17 (unnumbered) is a map of the state that shows the number of graduates placed in each county in the state, they have placed graduates in 89% of the counties within the last 2 years. On page 20, he stated that this is the page that show the economic impact on the state. 83% of the students at NDSCS continue their education in the state. 63% of NDSCS students that are from out of state continue their education in the state also. He also talked about the surveys that they do every year showing what the students like about the services and what things can be changed or improved. Dr. Richman talked about the technical programs and why their costs are so high. The classes are highly specialized and the equipment, etc. is very expensive and high tech. He talked about the business & industry partnership and relationships and which companies, locally, are participating. He also gave some types of the training provided at the college.

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Questions: (#1967)

Senator Grindberg: Any thoughts on the nursing training from a 2-4 year training. Any comments on how the college can or will address this within the next biennium. **Dr. Richman** responded that the governing body remain as the Board of Nursing, they have some concerns if it should move to the State Board of Higher Education. The other concern is the curriculum moving from a 2 year LPN and a 4 year RN and bringing those programs back to a 1 year LPN and a 2 year RN. Their present curriculum is set up for a 2 year LPN and they would have to change to a 1 year LPN and add the curriculum for a 2 year RN. They see the advantage of doing this. The care requirements would be lessen that a 2 year LPN would be able to do for a patient in the hospital. They would be able to move to this as soon as possible and they will accept that.. **Senator Robinson** (#2158) On page 22 , regarding the strengthens of the college, the surveys conducted, etc.., the survey indicated that the lab and equipment were doing quite well in update equipment and lab facilities. In the next section, where it is asked about where the college could improve, there is no reference to enhanced equipment, more state of the art equipment, etc..Where is the college on the state of the art equipment, enhanced equipment, etc.. **Dr. Richman** replied that the equipment is a difficult challenge, there are not enough dollars to keep everything current each year. They have to make judgment calls to move dollars around, our operating and equipment dollars are not allocated evenly. **Dr. Richman** gave an example of the students in the electrical program came to the administration this year with a petition with over 95% signatures of their current students indicating they were willing to, as early as this semester, tax themselves an additional $200 a semester with the understanding that additional revenue would be to buy new and more updated electric equipment in the electric program. The

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students see that the school is trying to move into high tech and digital and that the school does not have the dollars to do that. Another revenue source will have to be found to do this, or another partnership and/or additional program fees. **Senator Robinson** continued that program fees have helped, partnership have helped, but there are still some voids? **Dr. Richman** replied that that was true. Technology changes faster than we can keep up with.

Mike Renk Vice President for Administrative Affairs at NDSCS. Mr. Renk referred the committee to page 34 of Exhibit #6 which has the accomplishments of the school. Included are color pictures of the different projects that have been done or need to be done **Mr. Renk** also presented the Hold-even budget on page 43 of Exhibit #6. He also stated what the tuition increase would be, which it would be about 15% for a hold-even budget. The Needs Based budget was also presented. Major Capital request was talked about. It includes the Horton Hall renovation. The main problems with the building are indoor air quality, inadequate access for the handicapped, unsafe stairways, egress issues and water infiltration through the foundation walls. The building does not have a central air handling system for either heating or cooling. Another project is the Student Union, it needs a facelift, it is over 30 years old. This will be a locally funded project.

.Questions: (#3335)

Senator Robinson asked if the tuition increase of 15% would still mean a reduction of 18 FTE each year, even though it would generate $1.4 million over 2 years?

Mr. Renk stated that was correct. **Senator Robinson** continued that would be a reduction of 30 FTE, how many are in the instructional area and what impact will that have on programs, enrollment. **Mr. Renk** said they have been looking at that but have not made any plans on what

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plans that would be eliminated. It would affect their enrollment, but they expect enrollment to grow. **Senator Robinson** wanted to know how many facility positions would be affected. Mr. Renk replied that in their original budget it would cut 10, he didn't know how many it would affect with the House amendments. **Senator Thane**: He wanted to know if that tuition increase of 15% would drive students away or would it make a difference. **Mr. Renk** stated he didn't think it would make a difference. They look at surrounding states and all of the states will be going up in tuition.

Mr. Renk stated that the committee could contact any of the individual listed on page 58 of exhibit #6.

With no questions, hearing on NDSCS was closed (#4055)

DICKINSON STATE UNIVERSITY

Dr. Lee Vickers, President of Dickinson State University (#4077) gave his presentations. Exhibit #7 which is attached. His presentation covered Section 1 & 2 of exhibit #7. He talked about the enrollment, which is up 8.3 % this spring. He also had charts relating to other states and their enrollment trends. They have students from 26 different countries. One of the charges of the Roundtable is to increase economic development, to enhance the economy of the state. They are seeing, in a small way, the impact the international students have, their families and friends are visiting the state and the cities and they are leaving behind some money. He also talked about the special adult classes in other communities. SPICE is Southwest Pipeline Of Information for Communities and Education Consortium. This is an interactive television network that involves the Dickinson, Mott/Regent, Bowman, Hettinger, and Scranton School

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districts. He continued with other charts on enrollment and graduation. Section 2 of his testimony included the Legislative Roundtable results and the Great Plans Population Symposium. **Dr. Vickers** also talked about the fundraising, and housing . **(Tape #2 Side A ended and Tape #2, Side B started)** He continued with the National Comparisons Peer Institutions which is on page 5 of Section 2, Exhibit #7. He talked also on the Theodore Roosevelt Honors/leadership programs. He then went into the programs at the college and at other institutions. He asked for the committee to support the Workforce Training programs. New laptops have also been installed using outside money. There are several accountability measures charts in the exhibit. He talked about the Red River Valley Research Corridor, briefly., he also urged the committee to support this also. He talked about the importance of the Title II Grant awards. He closed his presentation with the areas of distinction which is on page 20 of Section 2 of exhibit #7.

Alvin Binstock (#700) Vice President of Business Affairs at DSU. He talked on Section 4 of the Exhibit #7 which is the budget section. He talked about the 2003-05 executive budget recommendations, the campus biennial budget request guidelines the hold-even budget request, the hold even general fund budget scenario for 2003-05, the needs-based operating budget request for 2003-05 . Mr. Binstock then talked about the tuition increases that were relative to 2003-05 budget requests: Hold - Even budget level would be a 34.6% for the biennial and for a needs-based parity funded level would be 21% for the biennial and for the needs-based parity and equity funded level would be 16.6% biennial. He talked about other things that would need to be done to meet the budget requirements. Major capital projects were discussed also. He talked about the Murphy Hall renovation. This can be found on page 1 of Section 6 Exhibit #7. More information can be found in Section 7 of the same exhibit on this facility. The total cost is

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estimated at almost $9.8 million dollars. It will be a stage project and the recommended source of funding is state general fund. The 1st phase would be 2003-05 at a cost of nearly $6 million dollars and the second phase for 2005-07 at nearly $3.9 million .More information can be found in this section regarding this renovation. Also is included is a Dickinson State University Capital budge Project report on page 8 of this section under Major Capital projects in this exhibit #7. Other concerns regarding the renovation can be found in this section also. Section 9 contains information on the NDSU Research Extension Center Agricultural Center.

Questions: (#3000)

Senator Krauter: Section 4, page 8, regarding the tuition increases, if the legislature only approves a hold even budget, that would mean a 16% increase each year? **Mr. Binstock** replied that was correct. **Senator Krauter** continued: He wanted to know what the increase would be with the Governor's budget? **Mr. Binstock** replied that it would still be a 16% increase. **Senator Mathern:** He wanted to know if there was any potential income from out of state or out of country resources....other than tuition? Capital resources? **Mr. Binstock** referred the question to **Dr. Vickers**. **Dr. Vickers** replied that there was some potential but dealing with the international, you have to be very careful when making those partnerships. In the case that was presented to the University, it was decided to decline. There could be some potential in the future. There are hundreds of students from China that want to come to the US for their education.

With no other questions, or testimony for the Dickinson State University budget, the hearing was closed (#3552).

Lake Region State College

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Sharon Etemad, President of Lake Regional State College (#3627). Her testimony is exhibit #8. She gave a little of the history of the college. She gave some of the new initiatives, programs and developments on page 4 of her testimony. She also gave the program updates on page 6, which include nursing careers, Peace Officers training, Law enforcement programs online, the Simulator Maintenance Technology program, Associate to Arts degree online, the Agricultural Farm Business management and the Adult farm Management program. Joint ventures were talked about on pages 9 -11. she also talked about the improvements and advancements of outreach services. Interactive Video Network is talked about on page 13. Sharon talked about dual credit, Student support, retention, assessment. Workforce training is still a big part of the college.

Sharon handed out the budget which is included in Exhibit #8. In this budget she included 4 options for the tuition increases. Tuition increases ranged from a 4.9% to 12.0% .

Tape #2 side b ended. Tape #3 Side A began

Sharon continued her testimony on the different programs and new ventures that they are trying.

Questions: (#532)

Senator Krauter: Option #1 for the tuition increases, is that 4.1% increase planned in the Governor's budget or not. **Sharon** replied that was the total tuition increase. **Senator Krauter** continued, wanting to know what was the percentage of increase. **Sharon** thought it was 7% or 8%. Senator Robinson wanted to know about the tuition increases also, they range from 4.9% to 12%, some institutions are saying they will have to raise tuition as high as 16%. He wanted to know if she was indicating that they go no more than 12%? **Sharon** indicated that that would be a pretty big stretch for her college. Community colleges are usually under the regional averages,

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Lake Region is over the region average. They are about $130 more than others of her size.

Senator Thane wanted to know what impact 16% would have. **Sharon** replied that they would loss income with a loss of students. Senator Bowman wondered if there was more courses offered before there was thought about how it was going to be paid for. Sharon replied that it was a very fine management decision, because you have to have enough programs to attach students and you do have to have resources to sustain them. You hope that the management will look at all of the things involved before starting or stopping courses.

With no other questions and no other testimony on Lake Region, the hearing was closed.

Hearing on HB 1003 will continue tomorrow with UND, NDSU and others. (# 1500).

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2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1003 Day 3

Senate Appropriations Committee

☐ Conference Committee

Hearing Date March 4, 2003

Tape Number	Side A	Side B	Meter #
#1 (UND & Med)	x		0-end
#1(UND & MED)		x	0-2945
#1 (NDSU)		x	3000- end
Committee ClerkSignature Jan Hendrickson			
#2 NDSU cont.	x		0-900
#2 Forest Service	x		2062-4525 ~~2962~~

Minutes:

Senator Holmberg, chair, called the meeting to order. Roll was called. All members present.

HB 1003 continued with the following Universities presenting their budget requests.

UNIVERSITY OF NORTH DAKOTA (#113)

Charles Kupchella, President of UND, presented his budget request for 2003-05. Written testimony is attached (Exhibit #1) Slide presentation was given, which went along with this written testimony.. He outlined what information was in the packets for UND. The outline of his testimony (blue); the power point (slide) presentation; the strategic plan (green booklet); The State of the University (9/18/02); 2002 President's report; American Indian viewbook; Dimensions; EERC Economic Impact; 50 State Summary Tables (pink paper); Restoration request -(green paper); Capital Projects - (Salmon paper); 2001-03 Deficiency Appropriation (purple paper) and the Energy Improvement project (yellow paper). He went through the power

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point presentation which showed UND, the students and several graphs. He then went on to give an overview of UND in a capsule. He stated that the University is the oldest, largest, most heavily endowed doctoral/graduate-program-research-intensive University in a wide area of the Midwest. They are the second largest employer in North Dakota after the Air Force. There are 10 academic divisions (page 1 - blue outline included in Exhibit #1). Their annual operating budget is $280.6 million with 2.562 full time employees. Enrollment was then discussed (page 2 blue outline). According to the Strategic Plan, they have either met or exceeded their enrollment totals. The annual report (page 33) contains the programs that are offered at UND. He continued with the report on the students, graduates, and faculty. The research development can be found in the Annual Report. He also talked about the grant applications for research. He stated that he will reach $100 million in the near future, the economic impact even before patents, license agreements, spin-off companies considered would equal more than $300 million dollars. He also touched on the services which go beyond graduates and research enterprise. He mentioned the Burtness Theater, ND. Museum of Art, Chester Fritz Auditorium, Alerus and Engelstad. The have a Small Business Development Center, Business Incubator/Center for Innovation, and the Workforce development program has trained over 3,000 individuals. Other services can also be found in this section (page 3- blue sheet) He talked about the partnership with business and industry, facilities/infrastructure and the solid array of support systems. He also touched on the International Program expansion which include China, Norway, Canada Turkmenistan, Russia and Cuba and others in the future. They have about 500 international students now. Major accomplishments in the last years included expansion of the doctoral program; established Office of Vice President for Research and University of ND. Research Council; Research funding up by

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23%; Foundation raised $12 million last year, foundation assets are $121 million, UND launched a comprehensive strategic planning process, developed comprehensive wellness program and helped launch "Healthy North Dakota" program with Governor. They have also completed more than $200 million in construction projects, roughly $114 million on campus, which include Barnes & Nobel Bookstore; Animal Research Facility; Replaced steam lines; Family Practice Center; Engelstad Arena; Alerus Center; Hilton Garden Inn. New building projects proposed or underway include Wellness facility/athletic complex; EERC expansion ($8 million) Medical School expansion ($3million); O'kelly Hall renovation; Carnegie Library renovation. They would also like to build an American Indian Cultural Center. They have also spent $1 million dollars as seed money to develop new research projects. **Dr. Kupchella** also talked about the intercollegiate athletics, the expanded distance education capacity and programming via IVN, and the curriculum. Faculty salary increases were discussed also. UND also made 12 undergraduate degree programs accessible in the evening or on weekends. Dr. Kupchella stated that all of these dovetailed nicely with the Roundtable emphasis on Economic Development, Access, Flexibility and Quality. Budget issues were all talked about. He included the status of current biennial budget, the revenue by source, expenditures by function and long - term financing plan. During the power point presentation, graphs were shown regarding benchmark schools which are compared with UND in relation for fees, etc. Other charts included in the power point showed the tuition for residents and nonresidents and other stats. **Dr. Kupchella** also talked about the tuition increases, he stated that he knew he had to give raises to attract and keep good people. He stated that they had to decide what they were going to have for a standard, and then where are the resources are for this to happen. He also talked about what they would do

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if there was increased funding. First, would be the inflationary increases and salaries; additional faculty and then research program and development and support, Centers for Excellence, Red River Valley Research Corridor, Information technology; Institutional innovation/program development; and repair and maintenance. All of his testimony can be found on the blue sheet and in the power point presentation (Exhibit #1).

Questions: (#3692)

Senator Krauter: He wanted to know how the Center of Excellence would retain students to stay in the workforce or become businessmen in North Dakota. He asked about this, because this has been done before and he wanted to know what was different now. **Dr. Kupchella** responded that it hasn't been at the level that it should be. This state deserves a bigger research enterprise than it has had. This is a "have not" state, there is a long way to go to get where the state should be in our research universities in the state. **Senator Krauter** wanted to know how the private sector was going to grow, not just jobs within the University system.. **Dr. Kupchella** responded if you look at the Energy Environmental Research Center it has currently a couple of patents that it has licensed to private companies and they are into what will be a $5 billion a year enterprise, it happens to be a national case, but because it has to do with coal it has a direct link with North Dakota also. Private companies have about 10% more innovation when they align with an academic institution. The connection with a research laboratory with students and faculty, small business innovation that the federal government supports helps companies become more innovative and therefore to be in business 10 years from now as a result of having this cross fertilization with academics and students. They provide opportunities for internships, who will, more than likely, become an employee later. Which means they will stay in North Dakota when

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they graduate. **Senator Krauter** continued that with the Tech Park (?) at NDSU and what he has seen there and the results that have happened, he is wondering how those results will be seen at UND. **Dr. Kupchella** responded that NDSU is not where they should be either at this stage, they all have a way to go and this Red River Research Corridor idea is a way to get some connection (?) between the two institutions which should have been for a long time but haven't.

Senator Andrist (#4190) He stated that there has to be an end beyond the research itself. The research should identify a potential market or opportunity for North Dakota. He is wonder if what he is hearing is that research is the end in itself. Where do the wheels go under the research? What kind of component do we have for that? **Dr. Kupchella** responded that was what the Red River Corrider concept is all about. Linking what we do in research laboratories with the private sector. The research is an end in itself, how many enterprises do we have in North Dakota? How many enterprises take roots in North Dakota and stay. The results are slow sometimes, unless you have the traffic, the activity going then the yield won't be as high. He stated that in Kentucky, the government put in $100 million dollars in there 2 research universities, using the model I have described, because they believed in it. **Senator Grindberg**: He asked **Dr. Kupchella** to explain what is going on with the Red River Corridor. He wanted to know also if this committee on higher ed or the committee on Commerce were to put a couple hundred thousand dollars of seed money to market and help to elevate the identity of our corridor to the nation, has he given this any thought?. **Dr. Kupchella** responded that it was going to take two things to make that corridor concept come alive. One is some structure and the other is some funding that would be earmarked for that effort. NDSU and UND have shown at conferences how some companies have spun out of this concept.

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Dr. Kupchella continued that if the Governor's budget, hold-even, that leaves the higher education with $21 million in need to meet inflation and carry the salary increases that were build into this biennium. UND's share is about 1/3 of that. In order to stay where UND is they would need additional $7 million just to do what they have been doing.

He continued with the power point which showed the capital projects, most of which has been done with private funds, and those projects that need general fund dollars from the state. He also stated that they appreciate, and, they also benefit from, having the flexibility with accountability and he hoped that the committee would continue to give that to the Universities, because in the absence of new money, this is the next best thing. He felt that the campuses should decide where it should really go.

Questions: (#5103)

Senator Mathern: How was the benchmark institutions chosen? **Dr. Kupchella** responded that it was done by the people at the National Center for Higher Education Managing Systems, Denver. By using their databases they were able to match our institution up with others that are like ours, which included a university with a school of medicine, our size in terms of enrollment, same mix of graduates and undergraduates programs, same mix of technical vs. non technical programs, and other similarities. It was a scientific way of identifying schools that are trying to do the same things that UND is doing. Funding is not one of the things that was compared. Then the school had a chance to redefine their wants and NDSU was not on the list because they do not have a school of medicine, it is a land grant school and UND is not and other reasons. **Senator Thane**: He wondered by the Corridor stops at Fargo and doesn't go further south. **Dr. Kupchella** stated that actually it would be going all the way down to include University of South Dakota

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and South Dakota State, and a group is going to Manitoba to discuss the possibility of linkage with the University of Manitoba. The Corridor doesn't stop just at Fargo or Grand Forks.

Dr. Kupchella's testimony ended (#5700)

SCHOOL OF MEDICINE AND HEALTH SCIENCES :

H. David Wilson, Dean of the School of Medicine and Health Sciences. Power point and written testimony Exhibit #3, which is attached. He felt that the School of Medicine was fast becoming Nation's leader in rural health. He went through the Mission Statement of the School of Medicine and Health Sciences. His enrollment in the academic programs are listed on page 3, while his academic programs, which area ll accredited are listed on the next page. His academic programs and the advancements are listed on the next page which includes the Physician Assistant program moving from a certificate to a master's degree; Occupational therapy is moving from a baccalaureate degree to a master's degree; physical therapy from a master's degree to a doctoral degree; and clinical laboratory science will offer a baccalaureate and master's degree and the Mayo Clinic has contacted the School of Medicine to educate their employees. **Tape #1 Side A ended here and Tape #1 side B continues with Mr. Wilson's testimony.** He continued with the power point which showed the medical student's successes -- more than 80% of UND medical students received one of their top three choices in residency training programs. 30.2% of UND students matched to residencies in North Dakota. Residency programs included Family Medicine (3 years) in Bismarck, Minot, Grand Forks; Internal medicine in Fargo for 3 years; Psychiatry in Fargo for four years; General Surgery in Grand Forks and Fargo for five years and Transitional in Fargo for one year. The next page centers on the UND physicians in rural practice in past 5 years. It lists the towns in North Dakota where UND physicians are

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practicing. There was clarification on what the symbols meant on the chart. Clinical teaching sites were on the next slide. He continued with the FY 01-03 Biennial budget by funding, which divided up where the funding comes from 13.35% from tuition; 29.85% from Patient & education services; 22.37% from Grant/Contracts; 31.7% from the State General Fund and 2.69% from a one mill levy. Other slides included the source of funding history; flexibility/salary improvements; investments if additional resources were available; his tuition & fees analysis for 2002-03. Tuition for medical school is now slightly under $15,000, however, his main concern is that the average graduate's debt at UND medical school is $98,000, if tuition keeps going up then the debt also goes up, which means it is much more difficult to attract those students in family medicine and general pediatrics and general internal medicine, they all (almost) feel that they have to specialize. **Senator Robinson** (#588): Wanted to know what kind of scholarship assistance the average medical school student receive? **Dean Wilson** replied that on the average about $3,000 to $5,000 per year. **Senator Krauter**: Wanted to discuss the general funds vs. the other funds, he wanted to know if that major increase of over $35 million was federal dollars or private sector dollars, grants? **Dean Wilson** replied that lately the biggest increase has been in the federal dollars for grants and contracts from outside the state, from the National Science Foundation. He then referred to the power point presentation was on the grants and contracts which showed the amount of moneys received in grants and contracts from 1998 to 2003. **Dean Wilson** stated that the figure of $19 million for 1002-03 was outdate, the correct figure is around $21 million to date. These are mostly federal grants, about 70% of these federal grants goes into paying salaries to pay graduate students and others working on the research. **Senator Krauter** also wanted to know if these grants would be maintained at these levels. **Dean Wilson** responded

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that he did not. Over the past 5 years the funding for the National Institute of Health has been doubled by the federal government I'e stated that the federal government saw these funds as very important, if the American people can be kept healthy then health care costs could be reduced. **Senator Grindberg**: (#900) He wanted to expand on **Senator Krauter's** questions and Mission statement of the school. With the mission and the future in biosciences, are we anywhere close to the trend? **Dean Wilson** replied that he thought there was, and that you can see in the Research Centers on the next slide, which includes the Center of Excellence in Neuroscience ($6-8M); the Center for Health Promotion and Translation Research ($1.275M); Biomedical Research Infrastructure Network (BRIN) ($6M); Center for Biomedical Research Excellence (COBRE) ($10.5M); Telehealth Education ($1M); Office of National Drug Control Policy (ONDCP) ($3.8M) and Rural Assistance Center ($600,000). **Dean Wilson** talked about the physical plant status , the construction projects since 1992, economic development, the schools strengths, the concerns, challenges and priorities of the school, model of the proposed neuroscience building, Harwood initiative, University Health Facility, Licensed, Practicing Physicians in North Dakota, Map showing current ND Medical Students' Hometowns, and other maps showing physical therapy program graduates, physicians trained by UND School of Medicine & Health Sciences, Physician Assistant Program Graduates, Occupational Therapy Program graduates, and the Clinical Laboratory Science & Cytotechnology graduates

Questions: (#2064)

Senator Christmann: He wanted to know if the rural communities are going to be a training ground for the new doctors who will stay for a few years and then they will move on, is there something we can do to keep them in the rural areas. He also wanted to know if these doctors

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were moving to the larger cities in the state or where they moving out of state completely? **Dean Wilson** responded that he didn't think they moved out of state once they moved here, they may move into the larger cities, that is the challenge is to keep the small towns alive. They are trying to get their junior medical students out to the small communities so they see that modern medicine is practiced there, that the health care people are highly respected there, and that it is a great place to raise a family. They are thinking all the time about what they can do to get doctors to the smaller communities. **Senator Grindberg**: He stated that tomorrow morning there is going to be a presentation by a foundation who states that they are willing to fund residency program for family practice. Could he give the committee an update on family residency, the trends, involvement with that group and the University of Minnesota. **Dean Wilson** (exhibit #4, which is attached) responded that the Family medicine residency program was in trouble nationally. More and more medical students are deciding not to go into family medicine not only nationally but in North Dakota as well. It is a big problem. His entire testimony is attached (exhibit #4). He wondered why the foundation didn't use their money to offer debt reduction to any of the students going into family medicine in the 3 programs that the school now has. He stated that if the foundation said they would pay $10,000 of the student's debt off for each year you stay in family medicine, that would cost them $160,000 the first year, that is not a lot of money for a foundation with a $100 million dollars in assets. If they did it for all 3 years, it would help attract really good students into our existing programs, it wouldn't cost them, at the max, less than 1/2 million dollars a year. It would really boost family medicine for the state of North Dakota. He didn't think this was the time to start another program. If in 5 years, there were students that showed an interest, then he would help the foundation start a program in Fargo.

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Senator Grindberg: He stated that he understood the program in Fargo would be filling positions in the rural areas, not just Fargo. Their mission or focus or thinking was that family practice residency in Fargo incentives would be to move them OUT of Fargo not just a program for Fargo. **Dean Wilson** responded that that they would stay in Fargo. **Senator Grindberg** wanted to know if he would be interested in talking with the foundation after tomorrow's presentation and to look at this. **Dean Wilson** stated he would be happy to talk to them or anybody. He stated that this problem is nation wide, not just North Dakota. He stated also that he would fight long and hard to protect his other 3 programs, that is his job. **Senator Lindaas**: He wondered if the Neuroscience research is that ongoing at the present time. **Dean Wilson** stetted that it was. **Senator Lindaas** continued: Is the research that is going on for the other diseases at the school piggybacking on the already existing research or do they start from scratch? **Dean Wilson** replied that they have all of the up to date information on previous research.

With no other questions, the hearing on the UND School of Medicine & Health sciences was closed: (#2945)

<u>NORTH DAKOTA STATE UNIVERSITY</u> (#3000)

Joseph A. Chapman, President, NDSU. His written testimony is attached (Exhibit #5). He told the committee that they have a web site that the Legislators can go to for additional information. The web site address can be found on page 1 of Exhibit #5. He wanted to give the committee an update on what has been happening at NDSU since the last time he spoke before this committee. He spoke about the major themes which include creating an environment where everybody can be successful. He stated that NDSU is moving very rapidly toward being a major national research university. **Dr. Chapman** also stated that the university had visited every county in the

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state, worked closely with the school's agricultural section, the Extension Service and the Agriculture Experiment Station to coordinate those visits across the state. He has also visited with all of the program heads, and traveled around the country visiting with alums and friends getting their support for the things that NDSU is doing. They have created a "Unity of Purpose", they know where they want to go as an institution, they know what the opportunities are for them and they are taking advantage of that. He stated that he hoped that he could convince the committee to restore our hold-even budget, about $1.3 million dollars. His second major theme was that students are paramount. No matter what they do at NDSU, the first question that they ask themselves is how will this serve the students, how will it impact the students. They involve the students in all of the activities that are going on at the campus. They look at the students as how they can contribute and how they can benefit from our research programs and how they can benefit with our service programs that cover a wide range across the state. NDSU has a goal to grow the institution to 12,000 students. Since the last biennium they have added more than 1,000 students. The growth they have targeted is upper class men, transfer students and graduate students. The majority of increase has been graduate students, which total 353 more than 2 years ago. Applications for graduate students for the coming year are running about 600 ahead of last year at this time. They have added new programs, and he didn't feel that if the demand for a class is there, that is not duplication. He stated that the school not only wanted to get students to NDSU, but that they wanted to keep them in North Dakota after they graduated. Scholarship money for undergraduates has doubled in the past 2 years, most of that has come from alumnae and friends of the institution. He described the new programs for undergraduates which included a Living and Learning program which helps students adjust to college life and helps them to learn

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to be independent. They are seeing great success from this program. They recently received a grant from the Bush Foundation to develop a whole new program around the living/learning model. This is a program that is built on a problem solving model, students live together and study together. Students wishing to transfer to 4 year programs after they finish the 2 year program at the community colleges, can now register right on their campus for NDSU. The third theme is leveraging support, which is being accomplished by leveraging its resources through strategic partnerships with ND., national and global businesses. **Dr. Chapman** stated that the Legislature has supported Higher Education very well, in terms of per capita. Nationally, it shows that the legislature cares about higher education and education in general. One of the things that the legislature gave the NDSU was the flexibility to create a research and technology park, which gave them the ability to use their money wisely with accountability. One of the areas that was targeted for growth was the research enterprise. They were doing about $35 million dollars 3 years ago in research expenditures, as of yesterday, they should be right around $85 million in research expenditures this year. Several companies have been talked to regarding relocating to the research and technology park. The fourth theme that Dr. Chapman talked about was the programs. They not only add programs but they also have to have the courage to eliminate programs. They have eliminated our food and nutrition programs, and general science program. They have collaborations with all of the colleges in the University System. The last major theme is stature. **Dr. Chapman** stated that the school needed the national recognition of being a National Research University. One of the goals they set for themselves is to be classified as a Research Extensive University, which is the highest classification of universities in the Carnegie classification system. They now met all of the criteria for this with the exception of one

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and that is the number of Doctoral students graduated. You have to graduate a minimum of 50 doctorates with an average of 3 years. The peer institutions that were identified by Board of Higher Education, fall in the category of a research extensive institution.

Senator Holmberg stated that **Senator Bowman, Senator Lindaas** and **Senator Holmberg** would be the subcommittee that would be looking at this budget and HB 1021. **Senator Bowman** will be chairing the committee.

Questions: (#5924)

Senator Krauter wanted to know how many Doctoral graduates there were? **Dr. Chapman** replied that there were about 35. They have been between 25 & 35 over the last 10 years and that number will begin to increase. All of the 17 doctoral programs are full. **Senator Krauter** continued: About $85 million, this year in research dollars. **Dr. Chapman** corrected him, that it was expenditures. **Senator Krauter** then wanted to know about the income, are they federal grants, or other grants?. **Dr. Chapman** explained that it was a mix. The expenditures include the money they get from the Legislature for the Experiment Station, includes competitive contracts and grants, it includes business partnerships, and earmarks from Congress. **(#Tape 1 Side B ends) (Tape #2 starts, Side A) Senator Krauter** continued with the questions regarding the grants, etc for research. **Dr. Chapman** responded. **Senator Bowman:** He wanted to know if the research dollars go for all of the expenses of that research, salaries, etc. **Dr. Chapman** responded that they are fully self funded.

James Burgum, Student Body President at NDSU. He expressed his delight at the new companies that were mentioned today that will be coming to North Dakota. He will be graduating in May. He also stated to the committee that he felt the committee should ask

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themselves what is the single best investment that they could make in their life and he felt that it would be education. Therefore, he encouraged the committee to put as much money into education as they could. **James** talked about the North Dakota Internship strategy Project "Opportunity". (Exhibit #6 which is attached. Project Opportunity developed out of an initiative the students have called TIME - which means "To Inspire More Entrepreneurs". This statewide internship strategy is proposed by the North Dakota State University Student government and the Students in Free Enterprise student organization. The TIME initiative was created as the students felt that in order to remain in the state post graduation; opportunities need to be created for themselves. He talked about the valuable work experience that students gained. His proposal consists of 3 strategic moves: 1. People 2. Marketing 3. Program. He also talked about the project plan. (His entire testimony is in exhibit #6, which is attached) He proposed a $1 million to the NDSU career center and $1 million to the UND career center.

Questions: (#573)

Senator Mathern: He wanted to know if James was suggesting that the money be allotted to Higher Ed and not Dept. of Commerce? James replied that was correct. He stated that this was a pilot phase, first just focusing on UND & NDSU career centers, they already have networks with current businesses, it would be a lot easier to develop this. Round 2 then more of a statewide direction, maybe a statewide director and getting it to grow it statewide. **Senator Mathern** continued: He wanted to know what the student's opinion was about the tuition rate. James replied that they are aware of what is going on with the economy and knew that the raises were coming, they certainly don't want tuition to go up but they understand that things are going up. A panel discussion was held and the students said fine for the tuition hike but they want to see more

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faculty and more classroom space They understand what is going on with the economy. **Senator Andrist**: He wondered why the internship is not part of the core curriculum for all of the majors, there may some that doesn't apply. He hopes that the students would let their administrators know there are lots of businesses out there that would probably offer internships. He would encourage the administrators to work with the local businesses to set these up. James replied that most of the time, the students don't know where to look, etc.

With no other testimony on NDSU, hearing was closed (#908)

North Dakota Forest Service (#2062)

Larry A. Kotchman, State Forester, North Dakota Forest Service. Exhibit #7 is his testimony and is attached. He highlighted a few things in his testimony. He stated that they work communities, urban residents, rural land owners, rural fire districts, soil conservation districts, and the schools. Their agency's theme is "Building Sustainable Communities Through Forestry". This provides the financial road map to enhance North Dakota's forest resources, improve the quality of life and strengthen the state's economy for future generations. There agency mission is on page 2 of his written testimony. The forest service is involved with administrating the forestry program statewide. They are involved with the technical assistance relating to management of private, forest lands, state forest lands, urban and community forests, tree planting and wild land fire protection. They are part of the land grant institution at NDSU and as such they are involved with public service. On page 5, **Larry** talked about the community forestry which provides leadership and technical assistance to cities, volunteer groups and other local government entities in all phases of forestry. Program assistance includes tree planting plans, management plans, shade tree ordinances, pest surveys and tree maintenance workshops.

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They also administers three community forestry financial assistance programs. The programs provide approximately $320,000 in grants to eligible communities for tree planting and other forestry development projects each year. The Forest Service is the sole supplier of forestry assistance to communities with populations under 7,500. Since 1991, they have awarded over $1 million dollars in grants for tree planting and community forestry development projects valued at nearly $3.3 million. North Dakota continues to be recognized as a national leader in community forestry with its continual growth in Tree City USA awards. 54 North Dakota communities achieved the award in 2002. Their second coordination area is on page 6 which is Fire management. The Forest Service trains, organizes and equips North Dakota's 376 rural volunteer and 12 career fire departments. He talked about the many fires that were in the state this past season. In the 3rd area, it is the Forest Resource Management. This is where the service works with the privately owned landowners. It is to help them to better manage the forest land. It is strictly voluntary on the landowners. On page 8 is the education and information services. They work with K-12 and graduate -level credit workshops are arranged in conjunction with NDSU and local school districts for teaches and volunteer educators. Page 9 describes the State Forests. The service owns and manages 5 state forests comprising approximately 13,278 acres. Over 27,900 people visited and utilized seven state forest properties for recreational opportunities in 2002. Also on page 9 is the Sustainable forestry program, which is the health of the states forests. They also look at the insects that could become problems to the trees. Two of the newest threats to the tress is the Gypsy Moth (none have been found in the state), and another insect problem that could be devesting to the state is Emerald Ash Bore. It is not here yet, it has been found in Michigan and also in Ohio and they are monitoring it for now, if it gets into North

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Dakota it would have a tremendous loss of all of the ash trees in the state. The Living Snow Fence Initiative is achieving spectacular improvements in road safety and the quality of life in North Dakota. The Living Snow Fence Task Force, chaired by the State Forester, has made over $2.2 million in living snow fence incentives available. The last one is on page 11 which is the tree production. The service owns and operates the 160-acres Towner State Nursery. The produce about 1.2 million tree seedlings annually for distribution to landowners in North Dakota. It is self-supporting. The trees are used for farmstead, living snow fences, field windbreak, wildlife, forestry and other conservation plantings. Since 1927 over 72 million tree seedlings have been produced and sold. The Towner Nursery started a program in 1999 to mechanize tree lifting, grading, packaging, storage and greenhouse operations. This was done with help from the Legislature. He then talked about the impact of the budget, a hold-even budget was submitted. It included the elimination of about $81,000 in general funds to comply with the hold-even budget, that included about $59,000 for salaries and $22,000 for operating. The over all impact will a reduction of our FTEs from the present level of 17.97 to 16.97. It will eliminate one full time person under the hold-even budget. He talked about the executive recommendation on page 19 that would restore the full time employee. He then talked about the House amendments that put them back to the holds-even budget which would remove the 1 FTE. He then referred to page 24 which shows the history of the appropriations since 1987 to the Forest Service. He also would like the committee to restore the money for the FTE, he appreciates the help that the Senate has given the Forest Service over the years.

Questions: (#3405)

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Senator Holmberg: Wondered about the health insurance and salaries, when the other agencies in HB 1003.

Celeste , OMB rep.,replied that the campuses needed to absorb the salaries, but the board office and the forester service, the money was put in their budget. **Senator Holmberg**: The House took out the health insurance. **Celeste**: No they took out the salary increase money. Larry responded that they took out the money for health insurance and if you look on page 20, it shows the increases and he gives some ways they will raise the money, for example, tree sales. **Senator Holmberg** asked if **Roxanne** , Legislative council, had anything to add. **Roxanne** stated that the House removed the Governor's recommendation for salary increases for the forest service as it did with all budgets that contained that funding. They kept in tact the money for the health insurance increases and they reduced the budgets by $33.857 as with the other higher education institutions. Roxanne explained other budgets that had reductions.

Senator Mathern: He wondered if the grants were affected. **Larry** responded, that they were not affected, just general funds are affected. **Senator Bowman**: He had questions relating to the sale of the trees from Towner. He wanted to know about the price of the trees, there had been talk about increasing sales. He wanted to know if that meant increasing the price of the trees or having to find more markets? **Larry** responded that it meant both, we set prices based on the authorities that the legislature provided us which are built into the century code, section 419, that says the Forest Service can sell trees or market trees up to 110% of the cost of production.

Senator Thane: He had questions about the landowners and tree claims. **Larry** answered that NDSU had done a survey of the original tree claims and did come up with names of landowners. They are mostly in private ownership and the Forest Service does work with some private

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landowners who are interest in tree claims. The tree claims act was it allowed you to receive a tract of land if you planted trees on it, so if you planted up to 10 acres of trees, you could get 160 acres. **Senator Andrist:** He wanted to know where they were with the centennial tree program. Has it expired? **Larry** responded: The centennial tree program did sunset in 2001.

With no other testimony, the hearing on the Forest Service was closed (#4525)

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2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1003 - Day 4

Senate Appropriations Committee

☐ Conference Committee

Hearing Date March 5, 2003

Tape Number	Side A	Side B	Meter #
#1-Residency Prog	x		0-2463
#1 Mayville	x		2514-end
#1 Mayville cont.		x	0-553
Committee Clerk Signature Jan Hendrickson			
#1 /Williston		x	587-4622
#1		x	4816-5200
#1 NDUS		x	5300 -end
#2 NDUS cont	x		0 - end
#2 NDUS/EBSCOR		x	0-3760

Minutes:

Senator Holmberg, chair, called the meeting back to order. The roll was called.

Senator Holmberg had **Senator Grindberg** introduced the guest. **Mr. Ray Robertson**, Dakota Medical Foundation. After some of the questions to Dean Wilson yesterday, it was decided to have **Mr. Robinson** come in and have him tell the committee what they would like to do to help the health care industry in North Dakota along by looking at establishing another residency program in Fargo, that would have tentacles throughout the state.

Ray Robertson (#212) Program officer for the Dakota Medical Foundation in Fargo and also the person responsible for coordinating the development of this new family practice residency program that has been in the working stages for some time. His written testimony is attached

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(Exhibit #1) They are dedicated to improving health and access to health care services. The Foundation has given out about $19 million since 1996 to a variety of projects including health related projects at institutions of higher education. One of the goals has been to look at health manpower in the state and how the Foundation can play a role in terms of that. He wanted to point out a couple of things, number one he was here today to talk about the residency that is being planned. They did form a task force that has been working with him that has been looking at this issue of visibility and the new residency program in Fargo/Moorhead. They are not requesting *any funding* from the State of North Dakota, nor any legislative proposal. This primarily informal on the part of the Foundation. They know that the challenges ahead in North Dakota, primarily the care in rural areas are significant. He also wanted to let the committee know that everything he was talking about today was really *future.* It is not going to happen tomorrow, this is in the future. Everyone is aware that UND closed it's residency program in Fargo in June of 2002. That program was successful and trained a large number of family doctors who stayed in North Dakota, many in the Fargo area, but several went out to rural areas and some into Minnesota. When the Foundation found out that the program was closing, they offered to work with the Medical School and they offered a $1 million up front plus long term funds to either restructure the program or to develop a new residency program. That offer was made several times, several meeting with the Dean, and the University administration, but the Dean felt that he did want to continue the program in Fargo. He wanted the committee to know that whatever the Foundation plans on doing that the Medical School in Grand Forks is *not* harmed in any way, *or* any of the other residency programs. **Mr. Robertson** has traveled the state and visited the other residency programs, Bismarck has done an outstanding job in training doctors

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for the region, unfortunately they had some problems as a residency, particularly in terms of their patient population and mix to meet the accreditation standards. This is not a new problem, but it raises some serious questions. Minot has done an outstanding job, they are a very busy program, there biggest problem is they need room to expand, that program alone has integrated so well with the community that Minot is responsible for over 50% of all of the OB deliveries in that region. Grand Forks is probably the Taj Mal Hall, they have the best facility in the state by far, they are a well funded program and they have done reasonably well. When the foundation was encouraged by physicians, community leaders, and a variety of folks, to look at this situation, a lot of people questioned the medical schools decision to close the Fargo problem or at least not even to look at a new program. He stated that he personally meet with **Dean Wilson**, who he has know for a number of years, and of course he told Mr. Robertson all of the reason, they don't need another program and it would be unfair competition. Mr. Robertson then addressed the unfair competition issue. There are 477 residency programs in the U.S. in family medicine. Some of those programs are going to close and a number of those rural programs are having the most difficulty. Whether anyone likes it or not, students are not selecting the rural programs, and the rural tract system that was put into place is not doing very well across the U.S. Our competition is nation wide, not just Fargo, not Minneapolis, it is across the nation. Students can go anyplace they want to and select any program. Do we need another residency program? As he mentioned before, he is talking future here and the future is down the road. The program in Fargo will not start, will not graduate it's first Doctor until July 1, 2009, that is the date that the first Doctor will come out of the chute. To make sure that they were on the right track, they formed the task force, they did analysis, they brought in experts from other medical schools, brought in National

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Academy of Family Physicians, and did residency assistance program site visit. There is no question that family medicine is at it's lowest ebb right now, nationally and locally. The problem is that they have to pay attention to what they can do to improve that situation and there are a lot of reasons why students are not going into family medicine. Many students are in debt, way over $100,000 when they come out of residency training, lifestyle issues, and family issues are some of the reasons why students are not going into family medicine, because they know that the hours will be long, the equipment may not be up to date, and the money is low. 50% of all medical students are female, UND 's class this year is 63% female. Females make wonderful doctors, but many of them do not practice full time and will not practice full time in the future. As a result it will probably take more physicians to deliver the same product. Medicare reimbursement is another issue, Doctor's are not taking new patients especially if they are Medicare patients. Medicare reimbursement keeps dropping, which is a national as well as a local problem. Isolated rural health care is another issue that has to be dealt with. Doctor's don't want to go out and be on their own and isolated, this is where technology can be a big help. There is concern that out of 55 students this last year at UND, only 6 students selected family practice. Students need good roll models in family medicine when they are in medical school, and they need to be convinced this is a good specialty to go into. There has been some people who have wondered if the Medical School has lost maybe some of it's focus in terms of primary care. The Dean has made it quite clear that his priorities have been research, which is not all bad because research is important in the medical field, and secondly in specialty residencies which include surgery, internal medicine, psychiatry and a transitional residency in Fargo with MeritCare and UND.

North Dakota has lost 128 physicians since 1999, physically left the state, according to the North

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Dakota Medical Association. 30% of all primary care physicians in this state will be over the age of 55 in 2009, which is the same year that the first graduate would be of the Fargo residency program. North Dakota is looking 15-20 new family doctors as of today. Minnesota needs 85 doctors outside of the metro section of Minneapolis-St. Paul. Another problem is the aging of America, people live longer, folks coming up will live longer, it will take more care as we get older. We spend 85% of all of our medical resources in the last two years of our lives. The Dean even agrees in his recent letter in the *October Review* that he wants to and has expanded the class of UND by another 5 students. We are going to need more physicians. This young Doctors do not want to sacrifice as the older doctors have and did. The new residency program in Fargo would start June, 2006 if it starts, with the first graduates coming in 2009. They need an academic affiliation in order to carry out the residency program. It is not required by accreditation standards, but they believe you have to have the link with the medical school in order to get the students in the pipeline. Since UND has chosen not to affiliate with this program, they have inquired to other medical schools primarily the University of Minnesota. They are interested, the legislators in Minnesota are quite interested in this, as well as several hospitals. They have backed off, due to the fact that the Dean has contacted them and discouraged them from affiliating with the Fargo residency program. This is still up in the air as to if the University of Minnesota will affiliate with Fargo. **Mr. Robertson** was convinced that there were enough people on the other side of the river who are quite interested and would like to see this residency go forward. The residency program would not be run by the Dakota Medical Foundation, they would create a new independent medical education foundation in Fargo with it's own board to sponsor and run the program. It would be affiliated with Innovis. This company is in the process

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of being acquired by CHI Catholic Health (#1510), who already own several hospitals in North Dakota. This is in the process and has been in process for some time, this will expand Innovis, will give the program the required number of beds for a residency program but it would not be limited to Innovis, they will affiliate with MeritCare, many physicians who are interested in this, the medical staff has already signed off in supporting the residency. It will created a significant economic impact for the region. The Dakota Medical Foundation Board of Directors has already earmarked $7 million for the residency program for the first 10 years. They are expecting to leverage about $21 million in federal funds through Graduate Medical Education, which is a division of Medicare. There will also be approximately $5 million in practice funds generated in that range during that time. The Foundation has committed $7 million and is willing to commit long term funding to the residency. They are also interested in making sure that graduates not only stay in North Dakota , but a more aggressive loan forgiveness. Money alone will not solve this problem, but there will have to be other things, such as create better practice opportunities, other ways to provide service to other parts of the state. Quality programs attach quality students. Young medical students want to go where they are going to get the best training and get the best range of things they can do clinically.

Questions: (#1805)

Senator Holmberg stated that **Mr. Robertson** made it clear that they are not requesting State Funds, it does not need state permission one way or the other.

Senator Robinson: He wanted to know if the physicians leaving the state were practicing physicians only or does that include graduate of the med school, those that have their medical license and they chose to move out? **Mr. Robertson** responded, they were talking about full

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practicing physicians. Residents are tracked in another source. **Senator Mathern**: He wanted to know if the struggling program was due to the fact of not enough work in the area, what is the reason? If you had enough forgiveness money, would you have enough residents in that program? **Mr. Robertson**: It is not a question of residents, it is a question of patient volume in the family practice program. Accreditation standards require you to have "x" number of patients, your residents are assigned panels of patients, you must have a proper mix of patients, you must have proper rotations, all of that has to exist. **Senator Kilzer** had comments regarding nurse practitioners and physicians assistants, and how Medicare reimbursement in this area is very low, and that a few years ago there was a bill that would have mandated that midwives be reimbursed at 97% of what obstetricians receive. **Senator Kilzer** testified against that bill. He wondered why you would go into all of that debt to become a doctor and then have a midwives get paid nearly as much as you would have for delivering a baby. His questions was what population would you serve? He was always wondering why the Indian population was not tied into the Medical school. He felt that would have been a great opportunity. **Mr. Robertson** responded. There is no question that physicians trained here, stay here. It is much more difficult to recruit them, than it is to train them. They can be expose them to a variety of situations, particularly rural. North Dakota and several other states as frontier states, more than rural, because of the distances and the sizes of population. That is going to mean regionalization and that is already happening. Nurse practitioners and physicians assistants play a very valuable role in health care system, but they have not had the level of training, they are not able to admit patients to the hospital, etc. They are needed, but so are qualified physicians, especially since the population is getting older and they need more specialized care. rather than just routine wellness care. (#2463)

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With no other questions, **Chairman Holmberg** reopened the hearing on HB 1003.

MAYVILLE STATE UNIVERSITY (#2514)

Paul J. Olscamp, Interim President until June 30, 2003. There are candidates right now that are being interviewed for the position of President. His written testimony is attached (Exhibit #2). He introduced **Steven Bensen**, Vice President for Business Affairs, who will help with questions regarding the budget. **Interim President Olscamp** gave his support of the 2003-05 State Board of Higher Education as recommended by the Governor. He supports all three capital projects: Murphy Hall in phase I at Dickinson State; Mayville Steam Project and Valley City gym elevator and emergency exits, all three have been recommended for bonding, and they are the only 3 projects in the State Board recommendations. He stated that the Steam Project at Mayville really needs to be replaced and that he had letters on it, which is included in his testimony. It is 40-50 years old. He wanted to point out that the engrossed bill from the House is a concern of theirs. He stated that in the Executive Budget there was $5,867,000.00 for campus operations that was removed in the House and that has a $165,913 negative impact on Mayville State University. Considering the final budget for Mayville is between $10 and $12 million depending on how the final outcome is, $170,000 has a very large impact on the school. He talked about the other reductions made in the House on HB 1003. While not all of those reductions impact, Mayville State, he wanted to see the money put back in. He also talked about the salary increases for 2003, that has an impact of $73,300 on the school. Health insurance premiums were also removed. He also stated the there was a $128,495 impact on the state for operations that was cut by the House.

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The 2% salary increase was also a concern to the school. He stated that their biggest concern for the last several years has been their enrollment, their enrollment this spring is up. There are about 800 students at Mayville at their maximum. There is still a problem with residence students. They need full time residence students. Mayville-Portland will be having a city wide election on April 29 for a 1% sales tax increase for Mayville State University. Both Portland and Mayville city councils had to change their charters in order for this tax increase to beheld and both councils did that. He has received encouragement that this tax will go through from several organizations and businessmen in the area. Most of this money will go towards a bond issue to construct and reconstruct their current field house, which is over 40 years old and in deplorable condition. The bond issue will generate, along with a student fee which is already approved by the students and in place of $25 increase per semester and that may go up in the fall, together those two will generate between $170,000 and $175,000 a year and they were told by financial sources that will be sufficient to support a bond issue of between $2.5 and $3 million. That will enable to start the project, it will cost about $4 million to finish the project. They are fairly confident that once they start the project, they will be able to raise the rest in private funds.

As a result of the Roundtable discussions, they are revising the curriculum in two phases. They have completed phase 1 which calls for dropping up to 84 different courses, which will free up about $215,000 which can then be used for the development of new courses and the retraining of faculty. No student who is currently enrolled will be negatively impacted by the any of the changes. They will be permitted to complete their current major even if in the future there are plans to drop that major. No faculty member will lose their job, either. A complete report will be made to the board in May regarding these changes. Phase 2 will be to develop mew curriculum

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and the hope is that it will attach new students. New degrees: Applied computer technology; Early childhood education (birth to 5 years); Graduate credit for library science; a bachelor's of applied science in business for online. He continued on with the budget for 2003-05. The new budget only allows for the new President's salary for the first year (including benefits), which is $185,000 a year, so they are requesting that money be included in the budget. He talked about the budget again which was in the first part of his testimony. He stated that he understood that it would be a Hold-Even budget for this biennium, and they could live with that. They well be $665,800 short of a continuing hold over budget. Hold even budget will mean a 13% increase in tuition.

Questions: (#4931):

Senator Grindberg: He wondered if each campus set there own tuition increases?

President Olscamp stated that they did, but they try to cooperate with each other and with the State Board of Higher, the decision is made on the campus. **Senator Holmberg** wanted **President Olscamp** to explain why the President's salary was not funded. **President Olscamp** stated that in Engrossed Bill 1003 has the first year's President salary and benefits in it, but the second year is not. **Senator Robinson**: Was there any discussion regarding the President's salary, are you expected to find it or are we expected to reinstate it? Or was it an oversight? **President Olscamp** stated he didn't know. **Steve Benson** replied that an office has been funded but not a salary for a President. He didn't know what was going to happen at the present time, funding would have to come from within, or through the State Board of Higher Ed or legislatively. The President of Mayville and Valley City was a shared duty for many year, now it has been decided that a President is needed at both institutions so the funding for a President at

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Mayville will have to be addressed. There is funding for the first year (2003). Senator Holmberg: He asked if there was a housing allowance. **Mr. Benson** replied that only UND and NDSU have on campus housing for their Presidents, all other campus' receive housing allowance and vehicle allowance. **Senator Christmann**: If the legislature does not fund more money to the institutions, is it their intention to raise tuition the insurance increase, salary increase, plus an additional 2 1/2 % for operating inflation? Inflation has not even been 2 1/2% total in the last 2 years which would include the rising cost of health insurance. This seems rather excessive. **Mr. Benson** replied that when the base budget was prepared, they took direction from the Board of Higher Education as to what to include in the base budget and those were what was included, the formula was to include the health insurance increases, salary increase and the 2 12/ % inflation. He also stated that the State Board of Higher Education would probably give them direction in what to do if there was no additional state funding, for example what not to fund, etc. He stated that those things that must be funded included health care and increase in salaries for the remaining of this year. The board would like them to consider continuing the raises, as they are 50th in the country for pay and of course to cover inflation. He was sure that if they did not receive state funding they would have to do some compromising. In order to meet this year's, it will cost the students over 17% a year more. Discussion continued over the rate of inflation and how much it really was when you take into consideration the health care increases, and other cost and increases that face the college. **Tape # 1 Side A ends, just as Senator Robinson starts his questions. Continues on Tape #1 Side B.**

Senator Robinson: He wanted to know where they were in flexibility in salary administration. Because of the budget this year, there might be a situation where the smaller institutions will not

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be able to give raises and in the larger one they may be able to give a 1% or 2% raise. He wanted to know if this would be a problem. **President Olscamp** stated their number one priority would be to give the salary increases, if something has to go then they will find something. He stated that

Mayville was the lowest paid faculty group in the state and 50th in the country. Discussion continued regarding the salary increases. **Senator Holmberg** stated that the subcommittee will look at the Board decision regarding the hiring of the President at Mayville and whether that money should come from the Board. A message from OMB stated that the university system is provided with flexibly with accountability and it is the campus responsibility to work with the board to insure that the salary is funded.

Representative Ole Aarsvold, District 20 (#412). He spoke on behalf of the smaller campus. He stated that they can do things that bigger ones can not and they play a valuable role in the state. He stated they had done a lot of good things and were a growing college and needed all the help they could possible get from the state.

With no testimony on the Mayville State College budget the hearing on this was closed.

(#553)

WILLISTON STATE COLLEGE (#587)

Joe McCann, President of Williston State College. He introduced **Brenda Wigness,** Chief Financial Officer who will present the summary of the budget. (Written testimony Exhibit #3 is attached). President McCann gave an overview of the college including the Distance Education program which now includes a Medical Transcription AAS degree, Programs under consideration will be started with the funds are available. One of the things they would like to

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start is an entrepreneurial Tourism program and web design. He referred to the credit student head count enrollment found on page 2 of his testimony. He also talked about the report that reported that North Dakota didn't have too many colleges but they do have underdeveloped community college system. In most states you see a higher percentage of 25 years old and older in the community colleges. Part of that is that the community colleges are trying to serve a larger part of the state who have students who can get up and move to the larger cities for their education. He talked about the credit enrollment Market Penetration in Primary Service Area on page 3 of his written testimony. He also talked about the workforce training. He told how many full time and part time employees they have administrators, faculty, and staff. He gave population information for the primary service area. He then went into the Williston State College achievements for 2001-03 which included Economic Development, Educational Excellence, Flexible and Responsive System, Accessible System, Funding and Reward, and Sustaining the Vision. These can be found on pages 1-3 of WSC Achievements for 2001-03 of his written testimony. He also went over the Partnerships for the Fall 2002, 10 interactive television courses for dual credit as well as high school courses, more courses are planned for next fall. Community partnerships can be found in his written testimony as well as his Northwest Regional Partnerships and the list of programs that are available at Williston either on campus or through at another campus or on-line. **President McCann** then gave the Mission, Vision and Values of Williston State College which can be found in his written testimony. **Senator Andrist** (2164): Montana and other surrounding states have a 2 year nursing program , there is a bill now that would provide for a 2 year program, it has heavy continuing education requirements, people can work themselves into RN degrees, is the school plugged in for the continuing education?

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President McCann stated that they had looked at that and they are standing ready to respond if the statue is changed so that the community colleges would be able to provide associate degrees in Nursing. Allow RN's to get their training at a community college. At that point the community college would be offering both the LPN program as well as the RN program. He talk about the requirements, standards, etc on the surrounding states regarding the nursing programs. **Senator Andrist** continued: He wondered if the continuing education program could be in video teleconferencing, on-line, etc. **President McCann** replied that it would probably be a combination of things. **Senator Grindberg**: Emails and phone calls regarding the falling behind of the colleges for the nursing programs. Are the community colleges going to have a plan in place to take on these, do they need time to catch up? **President McCann** stated that a moratorium would help to get the curriculum changed to suit the program. He wants to make sure that roadblocks aren't being formed between the degrees for the nursing students. He thought it would take about a year to get the program up and running.

Brenda Wigness (#2702) Director of administrative affairs at Williston State College. Her testimony is on the budget for the 2003-05 which is included in **President McCann's** written testimony. She went over the Hold-Even Budget. She went through line by line on the budget, explaining each item and what it meant. She also stated that there would have to be a 6% tuition rate increase for a hold-even budget. Total estimated cost to continue on a hold-even budget is $721,420, which includes a 4% salary increase, and an Internal Reallocation of $408,873.

Senator Robinson: (#3450) On this size of a budget that becomes extremely difficult, the Internal reallocation at that level. What types of things would you be forced to look at? **Brenda** responded They were looking currently at 1-2 faculty positions the first year and 1 -2 facility

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positions the 2nd year; staff positions, they are also looking at program fees; lab fees. **Senator Kringstad**: His questions were on line 5,6,7 of the budget analysis which relate to the pay increases. **Brenda** responded that they needed the $58,000 plus the $70,000 for the 2% increase and an additional $129,000 for total increase of about $258,000. She stated that they were also looking at increasing their housing rates. **Senator Robinson**: He wondered if they wouldn't be better off looking at a bit higher tuition increase instead of digging so deep in the other areas. **Brenda**: The strategic planning committee will be meeting this afternoon and according to the state board the community colleges are already high for tuition. **Senator Robinson** stated that they were already raising fees if they put in program and lab fees. **Brenda** responded: Program and lab fees would be for only those students who use them. Maybe those that are high cost programs would have to be looked at. **Senator Robinson**: He continued with the idea that you can offset those costs if you have a higher tuition for everyone and forget the program and lab fees, then you have a quality program. **Brenda** responded that all kinds of things were being looked at. **President McCann** stated that **Brenda** did not go over the needs-based budget and the long term finance plan that was approved by the Board. These are included in the written testimony. He also talked about the capital construction proposal, (in written testimony), this an addition to the Diesel Technology lab in the amount of $472,000. It was ranked 8th on the Major Capital Project Ranking SBHE priority list. The reason they need this is because their diesel program at the present time is under demand at their end of the state. For the last 3 years, the graduates have been hired before Christmas vacation for full time jobs starting the next May. They need the space so they can be certified by National Automotive Technicians Education Foundation. That would make us the Certified program between Minneapolis and Spoken,

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Washington. Then the major manufacturers would then start providing them with contributions of equipment and instructional materials. They can be a center for upgrade training of existing mechanics, etc. This would take a load off of their budget if they could get those contributions.

Senator Holmberg stated that this budget would be going to the subcommittee with the other budgets on HB 1003. With no questions.)

Larry Issak stated that there were several people who wished to testify before the committee on HB 1003. He suggested that they testify before the University System office starts going over the budget with the committee. **Senator Holmberg** agreed.

Ron Seeley, (#4817) President of the North Dakota Dental Association. Written testimony is Exhibit #5 which is attached. He stated that his organization supported the professional student exchange program as it gives North Dakota students an opportunity to access a dental education as North Dakota students do not have a dental school. This gives the students an advantage when applying for admission to a WICHE school and provides them an opportunity that would not exist without the program. The ND Dental Association appreciates the four slots that have been provided in this present biennium and request that it remain at that level in the next biennium. No questions.

Nancy Kopp (#5042) Written testimony Exhibit #6. She represents the North Dakota Optometric Association and the North Dakota Veterinary Medical Association and she is currently serves as executive for both groups. They are in strong support of the portion of HB 1003 that provides the funding for the Professional student exchange program. This program provides some financial assistance and encouragement. No questions were asked.

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Larry Isaak (#5300) Chancellor North Dakota University System continued. He wanted to go over the Engrossed Bill 1003 with the committee. This can be found in Exhibit #7 which is the First Engrossment House Bill 1003. He made a few remarks and then turned the budget over to Laura Glatt of NDSU office. Larry stated that Line 19 page 1 of the Engross bill relates to Bond payments. On Line 20 of the same document the Competitive research and centers for excellence, as that came over from the House they had put in $5 million for EPSCOR and $2 million for centers for excellence. He stated that the language for the center of excellence that restricts those to areas of research and the Board of Higher Education meet on this and took a position that they would like that language broaden to be in line with the Governor recommended in his message for the uses of the centers of excellence which included both instruction and research. Line 21 in the same document is the board initiatives, the roundtable's indicated that the Board should have a pool of funds for statewide and system initiatives that they would like to invest in. This line last session was about $1.3 million and now it is just over $435,000, which is much less. It is a very important line. Laura will go over what some of the uses were for this biennium. System Governance includes the system office, all of the board operations, and over $400,000 for funding the state's membership in WICHE and the Midwest Higher Education Consortium (MHEC), and etc. There are 19 FTE's and that office is kept small. It is a lean and they are paid well and they would like to continue to do that. Line 23 of the document is all federal funds, Line 24 is the large item, it is primarily for the operation of the higher education computer network, the interactive video network and the ODIN (the State Library Network). On page 2 there is the contingency and capital emergency line item and most of that is for defraying costs for flood costs at UND and NDSU that are still being paid as FEMA works through all of those.

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Professional liability insurance is for the medical school, primarily for the medical school malpractice insurance increases. The House added this amount. The student financial assistance grants and the Professional student exchange program, Laura will talk on this. HCR 3067 that is being heard today is a constitutional amendment resolution that would prohibit discrimination and preferential treatment in any public employment or public services. They are concerned because that would mean that may not be able to offer scholarships that are named for and intended for Native Americans only. Education incentive programs line item was a new line item from last session. He also stated that they would not be able to award the same amount of scholarships next year as this if the appropriations were to stay at the level the House put them for lines 5 & 7. He concluded by thanking the committee for all of their support over the years.

Questions: (#6159)

Senator Grindberg: He talked about the malpractice insurance at UND medical school. **(Tape #1 side B ended, answer on Tape #2 Side A.)** **Larry** responded that the malpractice was paid for the clinical physicians. There has been some reserves been used before, and the reserves are now gone. **Laura** will go over this more in detail in her presentation. Risk Management provided these figures. $395,000 that the House added, that was added to the Medical School appropriation in subdivision 13 on page 4 of the Engrossed bill, the medical school operations line item. The reason was that was the same amount that budget section directed the medical school to write off that was due from the Community Health Center in Fargo. So the House added that money to the base budget for them. The Board did not take a specific position on that amount, and so he couldn't tell them what the Board's position is. **Senator Grindberg** clarified that there would not be a write off in 2005-07 and 07 and 09 and 09 and 011. **Larry** stated those

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were issued out in the future that would have to be dealt with in 05-07, etc. The Board's position in general was they expressed concern about items for special initiatives that were outside the Board's request. **Senator Bowman**: He stated that after all of the presentations from the schools, that in good times, each school is trying to out grow the other, then when there is a done turn in the economy then every school has to make a substantial cut but then they want to be reimbursed for the cuts. They want to be reinstated for what they are being cut. Doesn't the Board have a position on trying to protect our whole university system during these downturns, or do they say let the legislature every year figure out a way to fund these things. **Larry** responded that consistently through the years, they have always have presented the legislature with costs to continue, what it takes to fund inflation, but keep in mind only part of that is funded by the state general fund, part of the inflation is funded from tuition and other revenues that the campus gets. What you see in front of you is the costs to continue is the portion that the state general fund has generally provided in terms of costs to continue for inflation. Some of the campuses increased salaries more than what the state funded, the costs to continue those increases are only those costs that the state allowed. He felt that they had been consistent. **Larry** also felt that if the state only had so much then they would have to make adjustments, reduction in services, tuition increases (higher than we would normally do to fund salary increases, etc.). Those are the options and those are the things that are consistently being looked at. Each campus will have to do what they have to according to their circumstances. They have to have more flexibility with accountability to do what is best for their school and area. **Senator Thane:** He wanted to know if push came to shove, would the employees do without a pay increase rather than have to cut programs and lose people. He wanted to know if the institutions were saying that to the

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Chancellor. Senator Thane stated that he was hearing this from the State School of Science. Larry talked about the State School of Science and the problems they were having this year and that they have had to do things differently than others places. He talked about how the schools had increases in tuition which will then allow them to hire more or if they lost tuition then they had to make cuts. He talked more about the schools having to make their own decisions.

Jack Dalrymple, Lt. Governor (#674): He just wanted to add a few comments on HB 1003. No written testimony. He wanted to go to the positive side, what can be done to do something significant in the area of education. The Governor has proposed in his executive budget $5 million of funding for a concept he calls "Centers of Excellence". These are an attempt to take advantage of opportunities that the colleges and universities have to lev age seed capitol into projects that combine education with entrepreneurial activity and in most cases research to create a dynamic environment for education and training. He then gave an example, a tech park that would be located on a campus, perhaps you have a company come in that would be interested in advancing their development of same piece of equipment, they are looking for engineering students and engineers to work with them in not only producing but to enhancing and developing those products. You create an environment where students can become interns in a process, they can learn engineering, electrical engineering, programming, a number of things, the company puts there money into it and then together they leverage and get grant money from the federal government, etc., and you leverage your resources many times over. There is tremendous opportunity for the colleges and universities to do more of this, and it is the future in terms of what North Dakota can do in creating more business activity, better pay, better life's for everyone. The way that is proposed is for $5 million to go into the Board Office to be used across

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the board for the greatest opportunities that can be presented by the various campuses. The criteria would be the things that he has talked about plus no doubt the amount of leverage that any investment could bring. So if a $1 million is put in, can we leverage that into $5 million, $10 million, whatever. The House Appropriations Committee took a different turn on this, to some extent. They looked at that pooled fund, under the Board Office, and said no, they would be happier if they knew where that money is going and what it is being used for. So they defined some specific Center of Excellence that they thought would be successful. They picked out the Center for Beef Excellence and a couple of others that they thought would be sure winners. That creates a bit of a dilemma for the this committee, they will have to figure out how to approach this, do they want to identify specific centers of excellence that will differently be supportive in the coming biennium, or would you rather leave some flexibility with the board office. Another suggestion has been the Dept of Commerce is a better location for this type of entrepreneurial seed capitol, even though it is closely tied with the campuses. He encouraged the committee to put some effort into it, he felt it had some potential to really produce some dynamic results and hopefully this committee will see it the same way.

Laura Glatt (#1120) NDUS Office. She referred to Exhibit #7. Each of the tabbed sections deals with a line item on the Engrossed House Bill 1003. She went through each section.

Questions: **Senator Mathern**: (#1299) He wanted to know how the House decided what went to each campus. **Laura** replied They funded the Hold-even budget request which each campus submitted. The House gave them back what they had this biennium. **Senator Holmberg**:(#1337) Clarification of the Hold-Even budget, the House didn't use a formula, they just used the data. **Laura** replied that was correct. She continued through the budget by the line items. On page 27

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of Tab 20 there is a correction. Senator Grindberg stated that the Governor's Recommendation was for $5 million for the Centers of Excellence not $3 million as stated on that page. Larry added that on the Centers for Excellence had an intense discussion with the college Presidents about the Centers, they felt strongly about having the language changed to include instruction and research and to keep the funding with the board. The Board would be responsible for allocating the money, not the office. The campus Presidents felt the Board was a better choice since this is instruction, etc. rather than the Dept. of Commerce. Senator Mathern: (#1830) He wanted to know how the Board would make that decision. Larry responded that he would encourage the Board to establish criteria before any projects came forward. Then based upon the strengths of those programs and ability to meet that criteria, the Board would make the selection. Larry stated that he had visited with other places that had done this, the wheel doesn't have to be reinvented, other states have already set up these centers, so North Dakota could use their help. Some of the criteria, that Larry felt would be leverage of other resources, consistent with the mission of the institution, and other things. One thing he felt would be that the Board should not distribute this to every campus, it should be for major efforts, not just sprinkle from campus to campus. It should be used for enhance current Centers of Excellence and to build some Centers of Excellence that have some potential. Laura continued with her testimony on the budget. **Senator Robinson** (#2604) How does the line item of Technology Pool on page 57 (Tab 23) relate to ConnectND. Laura: In the sense that currently the activities of the Higher Ed network are funded from this technology pool. There are two locations, one in Fargo and one in Grand Forks. The Fargo location is focused on academic computing (both for academic & research), the Grand Forks is focused on the administrative computing, currently they have an administrative software

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system that was developed in house in the late 70's, that software system is used by all 11 campuses. Student records, payroll, finance system. Those systems are funded through this Technology pool. That system is going to be replaced by ConnectND. Funding for this will be in the ITD budget. **Senator Krauter**: What is the time line for ConnectND and bonding? **Laura**: They are still on schedule. **Senator Krauter** asked if a time line schedule could be provided to the committee. Laura agreed to get that to them. Laura then continued with the budget. **Senator Bowman** (#3270) What are the obligated dollars to disasters? Are these the final or do we have these for many years to come. Laura stated that she didn't know how many years they would have these. UND is close to the close out process. NDSU is not done yet, their disaster was later, and the issue at NDSU is that there are a number of insurance companies that they are in dispute with in terms in paying of some of these expenses and so until those claims are settled through the courts, FEMA won't pay them. If the insurance company is not forced to pay and FEMA steps in and pays the obligation then there would be a 10% state share on whatever FEMA pay of the 90%. Laura continued with the budget. She explained the malpractice insurance. (#3550) **Senator Grindberg** (#3789) Would the medical school be able to fund that insurance premium through indirect cost recovery. **Laura**: She didn't believe so, tuition would have to be increased drastically and this insurance is directed at those physicians that are practicing. **Senator Tallackson** (#3892) He wondered if OMB and the Governor's Office didn't realize this and so it wasn't put in the budget (the money needed for the Malpractice insurance. Premiums have been paid before from NDIRF funds-- see Page 73 under Line 2 in her testimony. Laura stated this has been discussed. They were allowed to build it into their budget. But somehow it was removed.

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Laura continued on the budget. She talked about the impacts on page 83 Line 3. These are the grant programs. Discussion on the "No Child Left Behind" $15 million for teacher recruitment and training that goes back to school district. **Dr. Hillman** discussed the teacher training and recruitment. And what happens when the federal dollars are gone. Other questions relating to the Technology Occupation student loan program, and the Doctoral programs. **Tape #2 Side A ends, Tape #2 Side B begins.**

Questions continued on how grants are awarded. **Laura** stated they all depend on State appropriations. If students are awarded some funds in one year, the school likes to continue those funds. **Senator Krauter:** (#191). He wanted to know if the Board is locked into the $1,000 increment? Can it be lowered? **Laura** responded that the criteria is in state statue, some programs would have to be changed through the law. **Senator Holmberg** wanted to know if the money is not going to change what statutory changes would have to be changed to give some flexibility, and would she give those things to the subcommittee. **Laura** agreed to that. Laura continued with the rest of her testimony on the budget, which were the block grants, etc. which can be found on page 103 under tab Misc. Questions asking about the equity and special needs block grants (#433), why some schools got some and others got nothing. **Laura** tried to explain the benchmarks, etc. Information on this can be found on Page 103 under tab Misc. She also explained the Peer Group that was used to make these benchmarks. They programs, school size etc were used to find other schools that matched them fro m other states. **Senator Tallackson:** He wondered if there was a way to attach an amendment for those students that change their residence to take advantage of the state's low tuition fee. **Larry:** He felt that the current statues are fine He felt that the state should get students to come here anyway they can. He felt that the

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flexibility on the campus should be able to deal with that if it is a problem. He stated that if a program is attracting a large number of out of state residents, then maybe the fee for that class should be higher. **Senator Tallackson** wanted to know if Larry felt comfortable taking care of this, and **Larry** responded that he would like a couple of years to work on it, as he only heard about this a couple of weeks ago. **Senator Thane** He was puzzled about the PEER groups. He wanted to know what other schools there would be like Wahpteton and where they are located. **Larry** stated he didn't have that information at hand but would provide that to the committee. **Laura** will provide the criteria also. Discussion regarding getting enrollment up in the smaller institutions especially at the State School of Science. The feeling was that the programs in Minnesota are the biggest competition. They need to build up the programs and market the programs. The nursing programs are the classes that are in high demand now. **Larry** felt that the programs at the State School of Science has wonderful and strong programs, they may have to think about taking some of their classes to UND and NDSU.. Location is another problem with State School of Science.

Mark Sheridan from ND EPSCOR gave a power point on EPSCOR. Mark is the director of EPSCOR. (#1900) Exhibit #8. EPSCOR stands for Experimental Program to Stimulate Competitive Research. NDEPSCOR is leading the development of a sustainable, locally responsive, and nationally competitive research enterprise for the state. The scientific discoveries and technological development of such an enterprise will contribute to the economic diversity and vitality of North Dakota. Contact information: NDSU **Mark Sheridan**, Ph.D and UND; Twamley Hall (Speaker moved away from speaker, part of this is hard to understand, then it clears)

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Two other written testimonies were left but were not given orally. They are:

Cornelius Grant, Executive Director Rural Development Council. Exhibit # 9

Cheryl Kulus, Executive Director North Dakota Indian Affairs Commission, Exhibit #10With no other testimony on HB 1003 hearing was closed. (#3760)

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2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1003 Vote

Senate Appropriations Committee

☐ Conference Committee

Hearing Date 4-8-03

Tape Number	Side A	Side B	Meter #
2	x		265 - 6010

Committee Clerk Signature Sandra Dewey

Minutes:

CHAIRMAN HOLMBERG opened discussion on HB 1003.

Amendment 38003.0209 was distributed. The university system is happy with parts of the amendments, parts they do not agree with. There are some changes from the House version.

CHAIRMAN HOLMBERG referred to page 9 of the amendments. The subcommittees took a more universal view of Higher Education. The senate has passed a budget for vocational education that included $1 million for higher cost programs at the four two year colleges.

The amendments reduce funding for health insurance by $4000 in footnote 1.

The second footnote is a 4% across the board reduction in information technology funding from the IT plan filed with the governor. We know these numbers are not perfect due to the university's reporting system.

SENATOR KRAUTER asked for an explanation of the last section of footnote 2, the cuts are not limited to information technology. (meter 645)

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CHAIRMAN HOLMBERG said Higher Education wanted it to be clear to the next legislature that they had the authority to move some line items around if necessary.

CHAIRMAN HOLMBERG said, regarding footnote 3, in a previous session a statute was passed that requires a bonding cap of 1/10 of 1 cent. A few weeks ago the Industrial Commission pointed out the capacity for bonding in the next two bienniums is $550. As the House was looking at these projects, and they are all very good projects, they came up with an innovative method to deal with this. They took $1.310 million along with some local responsibility money from Dickinson and put it in an escrow account to pay the bonds over the next four years until the bonding capacity is expected to allow for additional bonding. The money that was removed will all be returned to the budget. (meter 733)

Footnote 4, the House added deals with the Centers for Excellence. (meter 912)

Footnote 5 was a gift to the Nordic Initiative at UND. The subcommittee could see no logic in spending this money for that private initiative and they put the money back in the board office. (meter 950)

Footnote 6 is a funding pool to provide some additional flexibility in dealing with the budget cuts. $1 million was from the capital assets line. (meter 992)

Footnote 7 is added funding for improvements to Old Main at Mayville and the air conditioning at Bottineau.

Footnote 8 deals with the Minnesota reciprocity agreement. It has always been a continuing appropriation, the estimate is unrealistic and the language suggested by the board was restored. Also provides additional funding for the state scholar's program from the general fund.

Footnote 10 removes funding for marketing.

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On page 3, the House is adamant about the round table not being permanent, they want it to be a two year bill. The round table has proven itself at the campus, board, legislative, editorial and national levels. This bill keeps the two year cap. The House also wanted to add two more accountability measures and the subcommittee removed them. (meter 1330)

The operations pool is on page 3.

The discussion on centers for excellence is on page 4. There are some federal matching funds that require a design center, they work with the researchers to determine what is commercially marketable.

Section 19 gives some flexibility for education incentive programs. (meter #1849)

Section 20 is transfer authority that has been in the law before.

Section 21 is legislative study of continuation of the round table.

Section 22 is construction of a basketball arena with private funds at UND, adjoining Ralph Englestad Arena.

Section 23 authorizes UND to purchase a hotel for use in student housing with funds they have.

Section 24 deals with a locally funded field house for Mayville State.

Section 25 clarifies specified funding is one time funding. (meter 2231)

SENATOR MATHERN said regarding the Centers for Excellence, would we be better off placing responsibility for establishing criteria with Board of Higher Education since that's where it is evolving and have the Department of Commerce participate?

CHAIRMAN HOLMBERG said in the end you could go either way. There is no question the Board of Higher Education knows teaching, research but maybe not job creation. There needs to

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be a marriage between higher education and commerce. They decided to cite it in HB1019 since that is the group that will create jobs. (meter 2354)

SENATOR MATHERN said he thought the Department of Commerce should be involved in establishing the criteria.

SENATOR GRINDBERG said we know what the factors are. Commerce and the foundation board are significant entities to correlate higher education's role. The language in 1019 is similar to West Virginia.

SENATOR LINDAAS asked about the steam line situation at Mayville, can he be confident it will be taken care of?

CHAIRMAN HOLMBERG said he can't speak for the position of the House on the matter. They felt very strongly about building projects and will be advocates of the building program. If the steam lines break, they have to be fixed.

It was moved by SENATOR GRINDBERG and seconded by SENATOR ANDRIST that the committee adopt amendments 38003.0209. (meter 2970)

CHAIRMAN HOLMBERG said page 10 of the amendments, footnote 9, the house took funding from line item funding to UND and moved it to the medical school. The subcommittee put it back. There was also concern about laptop initiatives at two of the schools and they restored some funding for campus operations at Valley City and Mayville State.

SENATOR ROBINSON said there is a lot of good in the amendments. Dickinson State is concerned about lack of funding for Murphy Hall. His college is concerned about only one exit from their gym. He wants to offer some amendments on the deduction of operational funds in the

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budget. We are looking at significant increases in tuition. The real impact will be two years from now.

SENATOR LINDAAS asked about salary for president at Mayville, was this change included?

(meter 3471)

CHAIRMAN HOLMBERG said it is not included here, it will be dealt with in the conference committee.

SENATOR BOWMAN asked about funding for Murphy Hall. Will they maintain their number one priority status?

CHAIRMAN HOLMBERG said the basic problem is the bonding capacity is only $500 so the legislature will continue to be creative.

SENATOR THANE said another issue on the operation pool, would the institution have to get approval from the board office or the Board of Higher Education?

CHAIRMAN HOLMBERG said they would make application to the board office but the Board of Higher Education would make the decision. (meter 4000)

Amendment 38003.0209 was adopted by a roll call vote, 8 yes, 6 no, 0 absent and voting. (meter 4069)

It was moved by SENATOR ROBINSON and seconded by SENATOR MATHERN that the committee adopt amendment 38003.0208. (meter 4160)

The amendment would create a campus operations pool within the board office and restore funding to the campuses on a formula that the reductions were made on the house side. The money could come from the student loan trust fund. In the absence of this restoration, there will be much more pressure on tuition and the system. If a campus is faced with declining or stable

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enrollment, this is a very challenging situation. The track and cross country programs have been cut at his campus.

SENATOR KRAUTER said he supports the amendments. Tuition increases in 13 - 20% range and they again next year, prove something is wrong with the funding mechanism.

SENATOR THANE asked if this has been run by the subcommittee.

CHAIRMAN HOLMBERG said the subcommittee was aware of them.

SENATOR ROBINSON is afraid there is going to be a very negative reaction to the second year of tuition increases (meter 4970).

SENATOR THANE said he recognizes all the hard work the subcommittee has done but he will support the amendments as it will benefit the campus in Wahpeton.

SENATOR MATHERN said he has asked the folks from the institutions what are the priorities and the answer is restore the operations money.

SENATOR BOWMAN asked if passing this amendment will prevent tuition increases?

SENATOR ROBINSON said he can't speak for the entire university system but he has been told that if this passes the increases will be at the low end of the range.

SENATOR KRAUTER said if he has faith in the round table, they will be accountable for it. This is all a part of the process we've agreed to.

SENATOR ANDRIST said he has done a lot of reading on the changing philosophy of higher education funding. There is a shift across the country to more funding through tuition rather than public funding. Tuition increases are an appropriate reaction to a national trend.

The motion to adopt amendment 38003.0208 failed on a roll call vote, 6 yes, 8 no, 0 absent and not voting. (meter 5570)

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It was moved by SENATOR ANDRIST, seconded by SENATOR CHRISTMANN that the committee take a DO PASS AS AMENDED action on HB 1003.

CHAIRMAN HOLMBERG said it is clear with discussions with SENATOR ROBINSON this is far from complete. They will have some discussions with the house.

SENATOR THANE said when you have a lot of competition across the river and you increase tuition, you may lose enrollment.

The DO PASS AS AMENDED motion on HB 1003 passed 8 yes, 6 no, 0 absent and not voting. CHAIRMAN HOLMBERG will carry the bill to the floor.

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Amendments
Grindberg
Andrist

Date: 4-8-03
Roll Call Vote #:

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1003

Senate Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 38003.0209

Action Taken Do Pass on Amendment

Motion Made By Grindberg Seconded By Andrist

Senators	Yes	No	Senators	Yes	No
Senator Holmberg, Chairman	✓				
Senator Bowman, Vice Chair		✓			
Senator Grindberg, Vice Chair	✓				
Senator Andrist	✓				
Senator Christmann	✓				
Senator Kilzer	✓				
Senator Krauter		✓			
Senator Kringstad	✓				
Senator Lindaas		✓			
Senator Mathern		✓			
Senator Robinson		✓			
Senator Schobinger	✓				
Senator Tallackson		✓			
Senator Thane	✓				

Total (Yes) 9 No 6

Absent Am

Floor Assignment

If the vote is on an amendment, briefly indicate intent:

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Date

4P 1

38003.0208 failed
Title.
Fiscal No. 3

Prepared by the Legislative Council staff for
Senator Robinson
April 8, 2003

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1003

Page 1, after line 24, insert:

"Campus operations pool 5,800,000"

Page 2, line 8, replace "64,407,816" with "70,207,816"

Page 2, line 10, replace "59,052,309" with "64,852,309"

Page 4, line 30, replace "361,808,443" with "367,608,443"

Page 5, line 2, replace "473,855,218" with "479,655,218"

Page 5, after line 20, insert:

"**SECTION 5. CAMPUS OPERATIONS POOL.** The sum of $5,800,000, or so much of the sum as may be necessary, included in the campus operations pool line item in subdivision 1 of section 1 of this Act, is to be allocated by the state board of higher education to higher education institutions to address campus operations reductions."

Page 20, line 23, remove "12,", remove the second "and", and after "14" insert ", and 15"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment restores funding of $5.8 million from the general fund to the North Dakota University System office for a campus operations pool to be allocated by the State Board of Higher Education to higher education institutions to address campus operation reductions made by the House.

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Amendment Vote

Date: 4-8-03
Roll Call Vote #: 2

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1003

Senate Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 38003-0208

Action Taken Do Not Pass on Amendment

Motion Made By Robinson Seconded By Mathern

Senators	Yes	No	Senators	Yes	No
Senator Holmberg, Chairman		✓			
Senator Bowman, Vice Chair		✓			
Senator Grindberg, Vice Chair		✓			
Senator Andrist		✓			
Senator Christmann		✓			
Senator Kilzer		✓			
Senator Krauter	✓				
Senator Kringstad		✓			
Senator Lindaas	✓				
Senator Mathern	✓				
Senator Robinson	✓				
Senator Schobinger		✓			
Senator Tallackson	✓				
Senator Thane	✓				

Total (Yes) 6 No 8

Absent

Floor Assignment

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38003.0210
Title.0300
Fiscal No. 3

Prepared by the Legislative Council staff for
Senator Holmberg
April 8, 2003

4-7-03
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PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1003

Page 1, line 3, remove "to authorize the industrial commission to issue and sell bonds for capital"

Page 1, line 4, remove "projects;" and after the third semicolon insert "to provide for a legislative council study;"

Page 1, line 19, replace "14,100,689" with "12,790,689"

Page 1, line 20, remove "and centers for excellence" and replace "7,000,000" with "4,100,000"

Page 1, after line 20, insert:

"Centers for excellence	1,900,000"

Page 1, line 21, replace "435,306" with "485,306"

Page 1, line 22, replace "4,479,337" with "4,472,850"

Page 1, line 24, replace "26,135,148" with "25,089,639"

Page 1, after line 24, insert:

"Operations pool	2,000,000"

Page 2, line 3, replace "4,430,215" with "2,930,215"

Page 2, line 5, replace "816,368" with "1,066,368"

Page 2, line 8, replace "64,407,816" with "61,845,820"

Page 2, line 9, replace "5,355,507" with "3,855,507"

Page 2, line 10, replace "59,052,309" with "57,990,313"

Page 2, line 14, replace "15,493,038" with "15,462,327"

Page 2, line 15, replace "15,743,038" with "15,712,327"

Page 2, line 19, replace "4,963,824" with "4,957,682"

Page 2, line 20, replace "5,008,655" with "5,002,513"

Page 2, line 24, replace "5,319,181" with "5,312,371"

Page 2, line 25, replace "5,407,971" with "5,401,161"

Page 2, line 29, replace "84,584,943" with "84,733,126"

Page 2, remove lines 30 and 31

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Page 3, line 1, replace "117,347,079" with "117,395,262"

Page 3, line 3, replace "87,047,079" with "87,095,262"

Page 3, line 7, replace "66,875,983" with "66,826,959"

Page 3, line 8, replace "83,613,514" with "83,564,490"

Page 3, line 10, replace "68,613,514" with "68,564,490"

Page 3, line 14, replace "23,774,891" with "23,736,824"

Page 3, line 15, replace "28,217,311" with "28,179,244"

Page 3, line 17, replace "24,548,391" with "24,510,324"

Page 3, line 21, replace "13,590,878" with "13,573,831"

Page 3, line 22, replace "18,984,840" with "18,967,793"

Page 3, line 24, replace "13,984,840" with "13,967,793"

Page 3, line 27, replace "364,589" with "414,589"

Page 3, line 28, replace "8,349,835" with "8,427,335"

Page 3, remove line 29

Page 3, line 30, replace "8,764,424" with "8,841,924"

Page 4, line 2, replace "8,614,424" with "8,691,924"

Page 4, line 6, replace "25,554,142" with "25,519,578"

Page 4, line 7, replace "26,166,992" with "26,132,428"

Page 4, line 11, replace "11,144,078" with "11,304,672"

Page 4, line 12, replace "11,409,412" with "11,570,006"

Page 4, line 15, replace "112,663" with "209,663"

Page 4, line 16, replace "4,057,001" with "4,052,856"

Page 4, line 17, replace "4,169,664" with "4,262,519"

Page 4, line 21, replace "30,268,879" with "29,390,865"

Page 4, line 22, replace "30,268,879" with "29,990,865"

Page 4, line 26, replace "2,717,215" with "2,715,016"

Page 4, line 27, replace "2,863,276" with "2,861,077"

Page 4, line 29, replace "1,773,275" with "1,771,076"

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Page 4, line 30, replace "361,808,443" with "360,663,001"

Page 5, line 1, replace "112,046,775" with "102,524,428"

Page 5, line 2, replace "473,855,218" with "463,187,429"

Page 5, line 3, replace "$435,306" with "$485,306"

Page 5, line 8, replace "$14,100,689" with "$12,790,689"

Page 5, line 11, replace "and by the industrial commission to establish an escrow account as authorized in" with a period

Page 5, remove line 12

Page 5, line 13, replace "$26,135,148" with "$25,089,639"

Page 5, after line 20, insert:

"**SECTION 5. OPERATIONS POOL.** The sum of $2,000,000, or so much of the sum as may be necessary, included in the operations pool line item in subdivision 1 of section 1 of this Act, is to be allocated by the state board of higher education to the entities included in section 1."

Page 5, line 30, after the period insert "All additional funds received under the North Dakota-Minnesota reciprocity agreement during the biennium beginning July 1, 2003, and ending June 30, 2005, are appropriated to the state board of higher education for reimbursement to institutions under the control of the board and for student financial assistance grants, as determined by the board."

Page 6, line 24, remove the second "the"

Page 6, line 25, remove "purpose of repaying principal and interest on" and replace "loans from the Bank of North" with "costs"

Page 6, line 26, remove "Dakota, pursuant to section 54-16-13"

Page 7, line 12, after "center" insert "and athletic complex" and replace "$8,000,000" with "$21,000,000"

Page 7, remove line 13

Page 7, remove lines 21 through 31

Page 8, remove lines 1 through 15

Page 9, remove lines 11 and 12

Page 9, remove line 23

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Page 9, line 24, replace "e." with "d."

Page 9, line 25, replace "f." with "e."

Page 9, line 26, replace "g." with "f."

Page 10, line 15, replace "$13,258,969" with "$14,258,969"

Page 10, line 21, remove "- **CENTERS FOR EXCELLENCE**"

Page 10, line 22, remove "and centers for excellence"

Page 10, line 23, replace "$5,000,000 for the competitive research program and $2,000,000" with "$100,000"

Page 10, line 24, replace "research efforts that focus on research that will have a positive impact on the" with "for establishment of a design center at the university of North Dakota. Federal and private matching funds totaling $300,000 must be leveraged by the North Dakota university system prior to June 30, 2004, or the funding is to be made available for other competitive research initiatives.

SECTION 18. CENTERS FOR EXCELLENCE. The centers for excellence line item in subdivision 1 of section 1 of this Act includes $1,400,000 for the John D. Odegard center for aerospace science - center of excellence in multimedia technology and $500,000 is for future centers for excellence. Of the $1,400,000, $206,000 is for the expanded air service enterprise - upper great plains air taxi service. Federal matching funding relating to the expanded air service enterprise - upper great plains air taxi service must be leveraged by the North Dakota university system prior to June 30, 2004, or the funding is to be made available for other centers for excellence. The funding for future centers for excellence is to be distributed by the state board of higher education based on determination of centers for excellence by the department of commerce foundation board.

SECTION 19. EDUCATION INCENTIVE PROGRAMS. The funding appropriated for education incentive programs may be allocated to education incentive programs as determined by the state board of higher education, including the reduction or elimination of specific programs, and the state board of higher education may determine the appropriate number of years of program eligibility for each education incentive program.

SECTION 20. TRANSFER AUTHORITY. If, during the biennium beginning July 1, 2003, and ending June 30, 2005, the state board of higher education determines that funds allocated to institution operations in section 1 of this Act are needed for capital projects or extraordinary repairs, the board may transfer funds from operations to capital assets. The board shall report any transfer of funds under this section to the office of management and budget.

SECTION 21. LEGISLATIVE COUNCIL STUDY - HIGHER EDUCATION. The legislative council shall consider continuing the study of higher education during the 2003-04 interim. If conducted, the study may include the use of the higher education roundtable format. The study should further refine the expectations of the North Dakota university system in meeting the state's needs in the twenty-first century, the funding methodology needed to meet those expectations and needs, and the accountability system and reporting methodology for the university system. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-ninth legislative assembly.

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SECTION 22. CONSTRUCTION OF BASKETBALL ARENA - APPROVAL. The state board of higher education may approve amendments to terms of the agreement entered under chapter 159 of the 1999 Session Laws and may authorize the construction of a basketball arena on the site authorized under that legislation for the university of North Dakota to be financed with private funds.

SECTION 23. PURCHASE OF HOTEL - APPROVAL. The state board of higher education may authorize the university of North Dakota to purchase a hotel and land upon which the hotel is located within the city of Grand Forks for use as a student residence facility for a sum not to exceed $1,200,000, under terms approved by the board. The university of North Dakota may utilize available housing reserve funds for the purchase.

SECTION 24. MAYVILLE STATE UNIVERSITY - FIELDHOUSE RENOVATION AND ADDITION - REVENUE NOTE. The state board of higher education may, as an alternative to issuing revenue bonds to finance the Mayville state university fieldhouse renovation and addition authorized in section 13 of this Act, enter an agreement or agreements and do all things necessary to finance this improvement with a tax-exempt revenue note, under terms and conditions acceptable to the board. The proceeds of the revenue note must be used to pay all or part of the cost of construction, equipment, and furnishing of the Mayville state university fieldhouse, costs of issuance, interest, and any reasonable required reserve. The note may be issued based on the pledge of revenues generated by the fieldhouse, student fees, local sales tax revenues dedicated to the improvement, and assignment of capital campaign collections or other private funds. A revenue note authorized by this section may not constitute a direct obligation of the state or any agency or political subdivision of the state within the meaning of any statutory or constitutional provision. The principal and interest on the note must be payable solely from revenues generated by the fieldhouse, student fees, local sales tax revenues dedicated to the improvement, and assignment of capital campaign collections or other private funds.

SECTION 25. LEGISLATIVE INTENT - UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH SCIENCES. It is the intent of the fifty-eighth legislative assembly that funding of $395,000 included in the operations line item in subdivision 13 of section 1 of this Act is considered one-time funding and the funding is not to be included in the university of North Dakota school of medicine and health sciences base funding for determination of funding requests for the 2005-07 biennium."

Page 10, remove lines 25 and 26

Page 20, line 22, after "assets" insert "and contingency and capital emergency"

Page 20, line 23, replace the first comma with "and" and remove ", and 14"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1003 - Summary of Senate Action

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE CHANGES	SENATE VERSION
University System office				
Total all funds	$467,077,358	$64,407,816	($2,561,996)	$61,845,820
Less estimated income	115,498,722	5,355,507	(1,500,000)	3,855,507
General fund	$352,078,636	$59,052,309	($1,061,996)	$57,990,313

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Bismarck State College				
Total all funds	$0	$17,526,038	($30,711)	$17,497,327
Less estimated income	$0	1,786,000	$0	1,786,000
General fund		$15,743,038	($30,711)	$15,712,327
Lake Region State College				
Total all funds	$0	$5,383,655	($6,142)	$5,377,513
Less estimated income	$0	376,000	$0	376,000
General fund		$5,008,655	($6,142)	$5,002,513
Williston State College				
Total all funds	$0	$5,407,971	($6,810)	$5,401,161
Less estimated income	$0	$0	$0	$0
General fund		$5,407,971	($6,810)	$5,401,161
University of North Dakota				
Total all funds	$0	$140,347,079	$48,183	$140,395,262
Less estimated income	$0	53,300,000	$0	53,300,000
General fund		$87,047,079	$48,183	$87,095,262
UND Medical Center				
Total all funds	$0	$30,268,879	($278,014)	$29,990,865
Less estimated income	$0	$0	$0	$0
General fund		$30,268,879	($278,014)	$29,990,865
North Dakota State University				
Total all funds	$0	$94,613,514	($49,024)	$94,564,490
Less estimated income	$0	26,000,000	$0	26,000,000
General fund		$68,613,514	($49,024)	$68,564,490
State College of Science				
Total all funds	$0	$28,217,311	($38,067)	$28,179,244
Less estimated income	$0	3,668,920	$0	3,668,920
General fund		$24,548,391	($38,067)	$24,510,324
Dickinson State University				
Total all funds	$0	$24,666,887	($5,699,094)	$18,967,793
Less estimated income	$0	10,882,047	(5,882,047)	5,000,000
General fund		$13,984,840	($17,047)	$13,967,793
Mayville State University				
Total all funds	$0	$14,119,424	($1,277,500)	$12,841,924
Less estimated income	$0	5,505,000	(1,355,000)	4,150,000
General fund		$8,614,424	$77,500	$8,691,924
Minot State University				
Total all funds	$0	$26,166,992	($34,564)	$26,132,428
Less estimated income	$0	$0	$0	$0
General fund		$26,166,992	($34,564)	$26,132,428
Valley City State University				
Total all funds	$0	$15,494,712	($624,706)	$14,870,006
Less estimated income	$0	4,085,300	(785,300)	3,300,000
General fund		$11,409,412	$160,594	$11,570,006
Minot State University - Bottineau				
Total all funds	$0	$4,169,664	$92,855	$4,262,519
Less estimated income	$0	$0	$0	$0
General fund		$4,169,664	$92,855	$4,262,519
Forest Service				
Total all funds	$2,915,258	$2,863,276	($2,199)	$2,861,077
Less estimated income	1,090,001	1,090,001	$0	1,090,001
General fund	$1,825,257	$1,773,275	($2,199)	$1,771,076
Bill Total				
Total all funds	$470,492,616	$473,855,218	($10,667,789)	$463,187,429
Less estimated income	116,588,723	112,048,775	(9,522,347)	102,524,428
General fund	$353,903,893	$361,806,443	($1,145,442)	$360,663,001

House Bill No. 1003 - General Fund Summary

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE CHANGES	SENATE VERSION
University System office	$352,078,636	$59,052,309	($1,061,996)	$57,990,313
Bismarck State College		15,743,038	(30,711)	15,712,327
Lake Region State College		5,008,655	(6,142)	5,002,513
Williston State College		5,407,971	(6,810)	5,401,161
University of North Dakota		87,047,079	48,183	87,095,262
UND Medical Center		30,268,879	(278,014)	29,990,865
North Dakota State University		68,613,514	(49,024)	68,564,490
State College of Science		24,548,391	(38,067)	24,510,324
Dickinson State University		13,984,840	(17,047)	13,967,793
Mayville State University		8,614,424	77,500	8,691,924
Minot State University		26,166,992	(34,564)	26,132,428
Valley City State University		11,409,412	160,594	11,570,006
Minot State University - Bottineau		4,169,664	92,855	4,262,519
Forest Service	1,825,257	1,773,275	(2,199)	1,771,076
Total general fund	$353,903,893	$361,806,443	($1,145,442)	$360,663,001

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Detail of Senate Changes to the General Fund

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE [1]	REDUCES FUNDING FOR INFORMATION TECHNOLOGY COSTS [2]	REMOVES FUNDING FOR CAPITAL ASSETS [3]	ADJUSTS FUNDING FOR COMPETITIVE RESEARCH PROGRAM AND CENTERS FOR EXCELLENCE [4]	RESTORES FUNDING FOR BOARD INITIATIVES [5]	PROVIDES FUNDING FOR OPERATIONS POOL [6]
University System office	($2,064)	($1,049,932)	($1,310,000)	($1,000,000)	$50,000	$2,000,000
Bismarck State College		(30,711)				
Lake Region State College		(6,142)				
Williston State College		(6,810)				
University of North Dakota		(101,817)			(50,000)	
UND Medical Center		(28,014)				
North Dakota State University		(49,024)				
State College of Science		(38,067)				
Dickinson State University		(17,047)				
Mayville State University		(22,500)				
Minot State University		(34,564)				
Valley City State University		(39,406)				
Minot State University - Bottineau		(4,145)				
Forest Service	(1,961)	(238)				
Total general fund	($4,025)	($1,426,417)	($1,310,000)	($1,000,000)	$0	$2,000,000

	ADJUSTS FUNDING FOR CAPITAL ASSETS [7]	ADJUSTS FUNDING FOR STUDENT GRANT PROGRAMS [8]	RESTORES FUNDING FOR CAMPUS OPERATIONS [9]	REMOVES FUNDING FOR MARKETING INITIATIVE [10]	TOTAL GENERAL FUND CHANGES
University System office		$250,000			($1,061,996)
Bismarck State College					(30,711)
Lake Region State College					(6,142)
Williston State College					(6,810)
University of North Dakota			$250,000	($50,000)	48,183
UND Medical Center			(250,000)		(278,014)
North Dakota State University					(49,024)
State College of Science					(38,067)
Dickinson State University					(17,047)
Mayville State University			100,000		77,500
Minot State University					(34,564)
Valley City State University			200,000		160,594
Minot State University - Bottineau	$97,000				92,855
Forest Service					(2,199)
Total general fund	$97,000	$250,000	$300,000	($50,000)	($1,145,442)

House Bill No. 1003 - Other Funds Summary

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE CHANGES	SENATE VERSION
University System office	$115,496,722	$5,355,507	($1,500,000)	$3,855,507
Bismarck State College		1,785,000		1,785,000
Lake Region State College		375,000		375,000
Williston State College				
University of North Dakota		53,300,000		53,300,000
UND Medical Center				
North Dakota State University		26,000,000		26,000,000
State College of Science		3,668,920		3,668,920
Dickinson State University		10,882,047	(5,882,047)	5,000,000
Mayville State University		5,505,000	(1,355,000)	4,150,000
Minot State University				
Valley City State University		4,085,300	(785,300)	3,300,000
Minot State University - Bottineau				
Forest Service	1,090,001	1,090,001		1,090,001
Total other funds	$116,586,723	$112,046,775	($9,522,347)	$102,524,426

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Detail of Senate Changes to Other Funds

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE [1]	REDUCES FUNDING FOR INFORMATION TECHNOLOGY COSTS [2]	REMOVES FUNDING FOR CAPITAL ASSETS [3]	ADJUSTS FUNDING FOR COMPETITIVE RESEARCH PROGRAM AND CENTERS FOR EXCELLENCE [4]	RESTORES FUNDING FOR BOARD INITIATIVES [5]	PROVIDES FUNDING FOR OPERATIONS POOL [6]
University System office						
Bismarck State College						
Lake Region State College						
Williston State College						
University of North Dakota						
UND Medical Center						
North Dakota State University						
State College of Science						
Dickinson State University			($5,882,047)			
Mayville State University			(1,355,000)			
Minot State University						
Valley City State University			(785,300)			
Minot State University - Bottineau						
Forest Service						
Total other funds	$0	$0	($8,022,347)	$0	$0	$0

	ADJUSTS FUNDING FOR CAPITAL ASSETS [7]	ADJUSTS FUNDING FOR STUDENT GRANT PROGRAMS [8]	RESTORES FUNDING FOR CAMPUS OPERATIONS [9]	REMOVES FUNDING FOR MARKETING INITIATIVE [10]	TOTAL OTHER FUNDS CHANGES
University System office		($1,500,000)			($1,500,000)
Bismarck State College					
Lake Region State College					
Williston State College					
University of North Dakota					
UND Medical Center					
North Dakota State University					
State College of Science					
Dickinson State University					($5,882,047)
Mayville State University					(1,355,000)
Minot State University					
Valley City State University					(785,300)
Minot State University - Bottineau					
Forest Service					
Total other funds	$0	($1,500,000)	$0	$0	($9,522,347)

House Bill No. 1003 - All Funds Summary

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE CHANGES	SENATE VERSION
University System office	$467,577,358	$64,407,816	($2,561,996)	$61,845,820
Bismarck State College		17,528,038	(30,711)	17,497,327
Lake Region State College		5,383,655	(6,142)	5,377,513
Williston State College		5,407,971	(6,810)	5,401,161
University of North Dakota		140,347,079	48,183	140,395,262
UND Medical Center		30,268,879	(278,014)	29,990,865
North Dakota State University		94,613,514	(49,024)	94,564,490
State College of Science		28,217,311	(38,067)	28,179,244
Dickinson State University		24,866,887	(5,899,094)	18,967,793
Mayville State University		14,119,424	(1,277,500)	12,841,924
Minot State University		26,166,992	(34,564)	26,132,428
Valley City State University		15,494,712	(624,706)	14,870,006
Minot State University - Bottineau		4,169,664	92,855	4,262,519
Forest Service	2,915,258	2,863,276	(2,199)	2,861,077
Total all funds	$470,492,616	$473,855,218	($10,687,789)	$463,167,429
FTE	2,400.38	2,400.38	0.00	2,400.38

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Detail of Senate Changes to All Funds

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE [1]	REDUCES FUNDING FOR INFORMATION TECHNOLOGY COSTS [2]	REMOVES FUNDING FOR CAPITAL ASSETS [3]	ADJUSTS FUNDING FOR COMPETITIVE RESEARCH PROGRAM AND CENTERS FOR EXCELLENCE [4]	RESTORES FUNDING FOR BOARD INITIATIVES [5]	PROVIDES FUNDING FOR OPERATIONS POOL [6]
University System office	($2,064)	($1,049,932)	($1,310,000)	($1,000,000)	$50,000	$2,000,000
Bismarck State College		(30,711)				
Lake Region State College		(6,142)				
Williston State College		(6,810)				
University of North Dakota		(101,817)			(50,000)	
UND Medical Center		(28,014)				
North Dakota State University		(49,024)				
State College of Science		(38,067)				
Dickinson State University		(17,047)	(5,882,047)			
Mayville State University		(22,500)	(1,355,000)			
Minot State University		(34,564)				
Valley City State University		(39,406)	(785,300)			
Minot State University - Bottineau		(4,145)				
Forest Service	(1,961)	(238)				
Total all funds	($4,025)	($1,426,417)	($9,332,347)	($1,000,000)	$0	$2,000,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	ADJUSTS FUNDING FOR CAPITAL ASSETS [7]	ADJUSTS FUNDING FOR STUDENT GRANT PROGRAMS [8]	RESTORES FUNDING FOR CAMPUS OPERATIONS [9]	REMOVES FUNDING FOR MARKETING INITIATIVE [10]	TOTAL ALL FUNDS CHANGES
University System office		($1,250,000)			($2,561,996)
Bismarck State College					(30,711)
Lake Region State College					(6,142)
Williston State College					(6,810)
University of North Dakota			$250,000	($50,000)	46,183
UND Medical Center			(250,000)		(278,014)
North Dakota State University					(49,024)
State College of Science					(38,067)
Dickinson State University					(5,899,094)
Mayville State University			100,000		(1,277,500)
Minot State University					(34,564)
Valley City State University			200,000		(624,706)
Minot State University - Bottineau	$97,000				92,855
Forest Service					(2,199)
Total all funds	$97,000	($1,250,000)	$300,000	($50,000)	($10,667,789)
FTE	0.00	0.00	0.00	0.00	0.00

1 This amendment reduces funding for state employee health insurance premiums from $493 per month to $488.70 per month. This only affects the North Dakota University System office and the Forest Service. The executive budget recommendation included no funding for health insurance increases for higher education institutions.

2 This amendment reduces the general fund for the North Dakota University System office, higher education institutions, and the Forest Service equivalent to a 4 percent reduction in information technology funding; however, the reductions are not limited to information technology.

3 This amendment removes the authorization provided by the House for the Industrial Commission to issue bonds totaling $8,022,347 for construction costs associated with the following projects:

Dickinson State University	Murphy Hall Phase I addition	$5,882,047
Valley City State University	Graichen Gymnasium elevator and emergency exits	$785,300
Mayville State University	Steamline replacement Phase 2	$1,355,000

This amendment removes the escrow account established for the purpose of making the first four annual lease rental payments for the retirement of the bonds. The escrow account was to consist of up to $1,310,000 transferred from the general fund amounts appropriated for capital assets in Subdivision 1 of Section 1 and $250,000 provided as local responsibility from other Dickinson State University fund sources.

4 This amendment provides funding of $4,100,000 from the general fund for competitive research, a decrease in funding from the House version of $900,000, and provides funding of $1,900,000 from the general fund for centers for excellence, a decrease in funding from the House version of $100,000. The amendment provides $100,000 of the funding for competitive research is for the establishment of a design center at the University of North Dakota. The amendment also provides $1,500,000 of the funding for centers for excellence is for the John D. Odegard Center for Aerospace - Center of Excellence in Multimedia Technology and $500,000 is to be allocated by the State Board of Higher Education for future centers for excellence. Of the funding for the John D. Odegard Center for Aerospace - Center of Excellence in Multimedia Technology, $206,000 is for an Expanded Air Service Enterprise - Upper Great Plains Air Taxi Service Initiative.

5 This amendment restores funding of $50,000 from the general fund to the North Dakota University System office board initiatives line item and removes funding of $50,000 from the general fund allocated by the House to the University of North Dakota for the university's Nordic Initiative.

6 This amendment provides funding of $2 million from the general fund for an operations pool to be allocated by the State Board of Higher Education to higher education institutions.

7 Mayville State University - This amendment transfers funding of $50,000 from a special line item as provided by the House for improvements in Old Main to the university's capital assets line item. The funding is intended to provide total capital assets funding equivalent to 3.89 percent of the North Dakota University System capital assets funding formula.

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Minot State University - Bottineau - This amendment provides capital assets funding of $97,000 from the general fund to Minot State University - Bottineau. The funding is intended to provide total capital assets funding equivalent to 10.49 percent of the North Dakota University System capital assets funding formula.

9 This amendment removes the special funds spending authority of $1.5 million added by the House for the student financial assistance grants relating to potential payments that may be received under the North Dakota-Minnesota reciprocity agreement and modifies Section 6 of the engrossed bill to provide that the North Dakota University System office is appropriated all additional funds received under the North Dakota-Minnesota reciprocity agreement for student financial assistance grants. In addition, the amendment also increases funding for the scholars program by $250,000 from the general fund, from $818,388 to $1,068,388.

9 This amendment restores funding of $250,000 from the general fund to the University of North Dakota, from the University of North Dakota Medical School. This amendment also provides funding of $100,000 from the general fund to Mayville State University and $200,000 from the general fund to Valley City State University for costs associated with the institutions' high-tech laptop computer initiatives.

10 This amendment removes funding of $50,000 from the general fund provided by the House to the University of North Dakota for a grant to the university's athletic department for a Canadian marketing initiative relating to the 2005 World Junior Hockey Tournament.

House Bill No. 1003 - Other Changes - Senate Action

This amendment also:

- Amends Section 11 of the bill to clarify language regarding funding included from the water development trust fund for disaster-related costs.
- Amends Section 16 of the bill to remove two new accountability measures added by the House.
- Amends Section 17 of the bill to increase the transfer from the student loan trust fund to the state general fund by $1 million, from $13,258,969 to $14,258,969.
- Adds a section to the bill relating to education incentive programs.
- Adds a section to the bill allowing the State Board of Higher Education to authorize the transfer of funds from a higher education institution's operations line item to the capital assets line item.
- Adds a section to the bill providing for a Legislative Council study relating to the continuation of the higher education study.
- Adds a section to the bill allowing the State Board of Higher Education to authorize the construction of a basketball arena for the University of North Dakota to be funded with private funds.
- Adds a section to the bill allowing the State Board of Higher Education to authorize the University of North Dakota to purchase for a sum of $1.2 million a hotel and land upon which the hotel is located for use as a student residence facility.
- Adds a section to the bill relating to the Mayville State University fieldhouse renovation project.
- Adds a section to the bill relating to funding for the University of North Dakota Medical School.
- Amends the emergency clause to include the contingency and capital emergency line item and Section 11 of the bill.

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Date: 4-8-03
Roll Call Vote #: 3

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1003

Senate Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number .0300

Action Taken Do Pass As Amended w .0209 only

Motion Made By Andrist Seconded By Christmann

Senators	Yes	No	Senators	Yes	No
Senator Holmberg, Chairman	✓				
Senator Bowman, Vice Chair		✓			
Senator Grindberg, Vice Chair	✓				
Senator Andrist	✓				
Senator Christmann	✓				
Senator Kilzer	✓				
Senator Krauter		✓			
Senator Kringstad	✓				
Senator Lindaas		✓			
Senator Mathern		✓			
Senator Robinson		✓			
Senator Schobinger	✓				
Senator Tallackson		✓			
Senator Thane	✓				

Total (Yes) 8 No 6

Absent Holmberg

Floor Assignment

If the vote is on an amendment, briefly indicate intent:

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9/30/03
Date

REPORT OF STANDING COMMITTEE

HB 1003, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (8 YEAS, 6 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1003 was placed on the Sixth order on the calendar.

Page 1, line 3, remove "to authorize the industrial commission to issue and sell bonds for capital"

Page 1, line 4, remove "projects;" and after the third semicolon insert "to provide for a legislative council study;"

Page 1, line 19, replace "14,100,689" with "12,790,689"

Page 1, line 20, remove "and centers for excellence" and replace "7,000,000" with "4,100,000"

Page 1, after line 20, insert:
"Centers for excellence 1,900,000"

Page 1, line 21, replace "435,306" with "485,306"

Page 1, line 22, replace "4,479,337" with "4,472,850"

Page 1, line 24, replace "26,135,148" with "25,089,639"

Page 1, after line 24, insert:
"Operations pool 2,000,000"

Page 2, line 3, replace "4,430,215" with "2,930,215"

Page 2, line 5, replace "816,368" with "1,066,368"

Page 2, line 8, replace "64,407,816" with "61,845,820"

Page 2, line 9, replace "5,355,507" with "3,855,507"

Page 2, line 10, replace "59,052,309" with "57,990,313"

Page 2, line 14, replace "15,493,038" with "15,462,327"

Page 2, line 15, replace "15,743,038" with "15,712,327"

Page 2, line 19, replace "4,963,824" with "4,957,682"

Page 2, line 20, replace "5,008,655" with "5,002,513"

Page 2, line 24, replace "5,319,181" with "5,312,371"

Page 2, line 25, replace "5,407,971" with "5,401,161"

Page 2, line 29, replace "84,584,943" with "84,733,126"

Page 2, remove lines 30 and 31

Page 3, line 1, replace "117,347,079" with "117,395,262"

Page 3, line 3, replace "87,047,079" with "87,095,262"

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Page 3, line 7, replace "66,875,983" with "66,826,959"

Page 3, line 8, replace "83,613,514" with "83,564,490"

Page 3, line 10, replace "68,613,514" with "68,564,490"

Page 3, line 14, replace "23,774,891" with "23,736,824"

Page 3, line 15, replace "28,217,311" with "28,179,244"

Page 3, line 17, replace "24,548,391" with "24,510,324"

Page 3, line 21, replace "13,590,878" with "13,573,831"

Page 3, line 22, replace "18,984,840" with "18,967,793"

Page 3, line 24, replace "13,984,840" with "13,967,793"

Page 3, line 27, replace "364,589" with "414,589"

Page 3, line 28, replace "8,349,835" with "8,427,335"

Page 3, remove line 29

Page 3, line 30, replace "8,764,424" with "8,841,924"

Page 4, line 2, replace "8,614,424" with "8,691,924"

Page 4, line 6, replace "25,554,142" with "25,519,578"

Page 4, line 7, replace "26,166,992" with "26,132,428"

Page 4, line 11, replace "11,144,078" with "11,304,672"

Page 4, line 12, replace "11,409,412" with "11,570,006"

Page 4, line 15, replace "112,663" with "209,663"

Page 4, line 16, replace "4,057,001" with "4,052,856"

Page 4, line 17, replace "4,169,664" with "4,262,519"

Page 4, line 21, replace "30,268,879" with "29,990,865"

Page 4, line 22, replace "30,268,879" with "29,990,865"

Page 4, line 26, replace "2,717,215" with "2,715,016"

Page 4, line 27, replace "2,863,276" with "2,861,077"

Page 4, line 29, replace "1,773,275" with "1,771,076"

Page 4, line 30, replace "361,808,443" with "360,663,001"

Page 5, line 1, replace "112,046,775" with "102,524,428"

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Page 5, line 2, replace "473,855,218" with "463,187,429"

Page 5, line 3, replace "$435,306" with "$485,306"

Page 5, line 8, replace "$14,100,689" with "$12,790,689"

Page 5, line 11, replace "and by the industrial commission to establish an escrow account as authorized in" with a period

Page 5, remove line 12

Page 5, line 13, replace "$26,135,148" with "$25,089,639"

Page 5, after line 20, insert:

"**SECTION 5. OPERATIONS POOL.** The sum of $2,000,000, or so much of the sum as may be necessary, included in the operations pool line item in subdivision 1 of section 1 of this Act, is to be allocated by the state board of higher education to the entities included in section 1."

Page 5, line 30, after the period insert "All additional funds received under the North Dakota-Minnesota reciprocity agreement during the biennium beginning July 1, 2003, and ending June 30, 2005, are appropriated to the state board of higher education for reimbursement to institutions under the control of the board and for student financial assistance grants, as determined by the board."

Page 6, line 24, remove the second 'the"

Page 6, line 25, remove "purpose of repaying principal and interest on" and replace "loans from the Bank of North" with "costs"

Page 6, line 26, remove "Dakota, pursuant to section 54-16-13"

Page 7, line 12, after "center" insert "and athletic complex" and replace "$8,000,000" with "$21,000,000"

Page 7, remove line 13

Page 7, remove lines 21 through 31

Page 8, remove lines 1 through 15

Page 9, remove lines 11 and 12

Page 9, remove line 23

Page 9, line 24, replace "e." with "d."

Page 9, line 25, replace "f." with "e."

Page 9, line 26, replace "g." with "f."

Page 10, line 15, replace "$13,258,969" with "$14,258,969"

Page 10, line 21, remove "- **CENTERS FOR EXCELLENCE**"

Page 10, line 22, remove "and centers for excellence"

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Page 10, line 23, replace "$5,000,000 for the competitive research program and $2,000,000" with "$100,000"

Page 10, line 24, replace "research efforts that focus on research that will have a positive impact on the" with "for establishment of a design center at the university of North Dakota. Federal and private matching funds totaling $300,000 must be leveraged by the North Dakota university system prior to June 30, 2004, or the funding is to be made available for other competitive research initiatives.

SECTION 18. CENTERS FOR EXCELLENCE. The centers for excellence line item in subdivision 1 of section 1 of this Act includes $1,400,000 for the John D. Odegard center for aerospace science - center of excellence in multimedia technology and $500,000 is for future centers for excellence. Of the $1,400,000, $206,000 is for the expanded air service enterprise - upper great plains air taxi service. Federal matching funding relating to the expanded air service enterprise - upper great plains air taxi service must be leveraged by the North Dakota university system prior to June 30, 2004, or the funding is to be made available for other centers for excellence. The funding for future centers for excellence is to be distributed by the state board of higher education based on determination of centers for excellence by the department of commerce foundation board.

SECTION 19. EDUCATION INCENTIVE PROGRAMS. The funding appropriated for education incentive programs may be allocated to education incentive programs as determined by the state board of higher education, including the reduction or elimination of specific programs, and the state board of higher education may determine the appropriate number of years of program eligibility for each education incentive program.

SECTION 20. TRANSFER AUTHORITY. If, during the biennium beginning July 1, 2003, and ending June 30, 2005, the state board of higher education determines that funds allocated to institution operations in section 1 of this Act are needed for capital projects or extraordinary repairs, the board may transfer funds from operations to capital assets. The board shall report any transfer of funds under this section to the office of management and budget.

SECTION 21. LEGISLATIVE COUNCIL STUDY - HIGHER EDUCATION. The legislative council shall consider continuing the study of higher education during the 2003-04 interim. If conducted, the study may include the use of the higher education roundtable format. The study should further refine the expectations of the North Dakota university system in meeting the state's needs in the twenty-first century, the funding methodology needed to meet those expectations and needs, and the accountability system and reporting methodology for the university system. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-ninth legislative assembly.

SECTION 22. CONSTRUCTION OF BASKETBALL ARENA - APPROVAL. The state board of higher education may approve amendments to terms of the agreement entered under chapter 159 of the 1999 Session Laws and may authorize the construction of a basketball arena on the site authorized under that legislation for the university of North Dakota to be financed with private funds.

SECTION 23. PURCHASE OF HOTEL - APPROVAL. The state board of higher education may authorize the university of North Dakota to purchase a hotel and land upon which the hotel is located within the city of Grand Forks for use as a student residence facility for a sum not to exceed $1,200,000, under terms approved by the

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board. The university of North Dakota may utilize available housing reserve funds for the purchase.

SECTION 24. MAYVILLE STATE UNIVERSITY - FIELDHOUSE RENOVATION AND ADDITION - REVENUE NOTE. The state board of higher education may, as an alternative to issuing revenue bonds to finance the Mayville state university fieldhouse renovation and addition authorized in section 13 of this Act, enter an agreement or agreements and do all things necessary to finance this improvement with a tax-exempt revenue note, under terms and conditions acceptable to the board. The proceeds of the revenue note must be used to pay all or part of the cost of construction, equipment, and furnishing of the Mayville state university fieldhouse, costs of issuance, interest, and any reasonable required reserve. The note may be issued based on the pledge of revenues generated by the fieldhouse, student fees, local sales tax revenues dedicated to the improvement, and assignment of capital campaign collections or other private funds. A revenue note authorized by this section may not constitute a direct obligation of the state or any agency or political subdivision of the state within the meaning of any statutory or constitutional provision. The principal and interest on the note must be payable solely from revenues generated by the fieldhouse, student fees, local sales tax revenues dedicated to the improvement, and assignment of capital campaign collections or other private funds.

SECTION 25. LEGISLATIVE INTENT - UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH SCIENCES. It is the intent of the fifty-eighth legislative assembly that funding of $395,000 included in the operations line item in subdivision 13 of section 1 of this Act is considered one-time funding and the funding is not to be included in the university of North Dakota school of medicine and health sciences base funding for determination of funding requests for the 2005 07 biennium."

Page 10, remove lines 25 and 26

Page 20, line 22, after "assets" insert "and contingency and capital emergency"

Page 20, line 23, replace the first comma with "and" and remove ", and 14"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1003 - Summary of Senate Action

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE CHANGES	SENATE VERSION
University System office				
Total all funds	$467,577,358	$64,407,816	($2,561,996)	$61,845,820
Less estimated income	115,498,722	5,355,507	(1,500,000)	3,855,507
General fund	$352,078,636	$59,052,309	($1,061,996)	$57,990,313
Bismarck State College				
Total all funds	$0	$17,528,038	($30,711)	$17,497,327
Less estimated income		1,785,000		1,785,000
General fund	$0	$15,743,038	($30,711)	$15,712,327
Lake Region State College				
Total all funds	$0	$5,383,655	($6,142)	$5,377,513
Less estimated income		375,000		375,000
General fund	$0	$5,008,655	($6,142)	$5,002,513
Williston State College				
Total all funds	$0	$5,407,971	($6,810)	$5,401,161
Less estimated income				
General fund	$0	$5,407,971	($6,810)	$5,401,161
University of North Dakota				
Total all funds	$0	$140,347,079	$48,183	$140,395,262

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Less estimated income		53,300,000		53,300,000
General fund	$0	$87,047,079	$48,183	$87,095,262
UND Medical Center				
Total all funds	$0	$30,268,879	($278,014)	$29,990,865
Less estimated income	$0	$30,268,879	($278,014)	$29,990,865
General fund				
North Dakota State University				
Total all funds	$0	$94,613,514	($49,024)	$94,564,490
Less estimated income		26,000,000		26,000,000
General fund	$0	$68,613,514	($49,024)	$68,564,490
State College of Science				
Total all funds	$0	$28,217,311	($38,067)	$28,179,244
Less estimated income		3,668,920		3,668,920
General fund	$0	$24,548,391	($38,067)	$24,510,324
Dickinson State University				
Total all funds	$0	$24,866,887	($5,899,094)	$18,967,793
Less estimated income		10,882,047	(5,882,047)	5,000,000
General fund	$0	$13,984,840	($17,047)	$13,967,793
Mayville State University				
Total all funds	$0	$14,119,424	($1,277,500)	$12,841,924
Less estimated income		5,505,000	(1,355,000)	4,150,000
General fund	$0	$8,614,424	$77,500	$8,691,924
Minot State University				
Total all funds	$0	$26,166,992	($34,564)	$26,132,428
Less estimated income				
General fund	$0	$26,166,992	($34,564)	$26,132,428
Valley City State University				
Total all funds	$0	$15,494,712	($624,706)	$14,870,006
Less estimated income		4,085,300	(785,300)	3,300,000
General fund	$0	$11,409,412	$160,594	$11,570,006
Minot State University - Bottineau				
Total all funds	$0	$4,169,664	$92,855	$4,262,519
Less estimated income				
General fund	$0	$4,169,664	$92,855	$4,262,519
Forest Service				
Total all funds	$2,915,276	$2,863,276	($2,199)	$2,861,077
Less estimated income	1,090,001	1,090,001		1,090,001
General fund	$1,825,267	$1,773,275	($2,199)	$1,771,076
Bill Total				
Total all funds	$470,492,616	$473,855,218	($10,667,789)	$463,187,429
Less estimated income	116,588,723	112,046,775	(9,522,347)	102,524,428
General fund	$353,903,893	$361,808,443	($1,145,442)	$360,663,001

House Bill No. 1003 - General Fund Summary

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE CHANGES	SENATE VERSION
University System office	$352,078,636	$59,052,309	($1,061,996)	$57,990,313
Bismarck State College		15,743,038	(30,711)	15,712,327
Lake Region State College		5,008,655	(6,142)	5,002,513
Williston State College		5,407,971	(6,810)	5,401,161
University of North Dakota		87,047,079	48,183	87,095,262
UND Medical Center		30,268,879	(278,014)	29,990,865
North Dakota State University		68,613,514	(49,024)	68,564,490
State College of Science		24,548,391	(38,067)	24,510,324
Dickinson State University		13,984,840	(17,047)	13,967,793
Mayville State University		8,614,424	77,500	8,691,924
Minot State University		26,166,992	(34,564)	26,132,428
Valley City State University		11,409,412	160,594	11,570,006
Minot State University - Bottineau		4,169,664	92,855	4,262,519
Forest Service	1,825,267	1,773,275	(2,199)	1,771,076
Total general fund	$353,903,893	$361,808,443	($1,145,442)	$360,663,001

Detail of Senate Changes to the General Fund

	REDUCES RECOMMENDED FUNDING FOR	REDUCES FUNDING FOR INFORMATION	REMOVES FUNDING FOR	ADJUSTS FUNDING FOR COMPETITIVE RESEARCH PROGRAM AND	RESTORES FUNDING FOR	PROVIDES FUNDING FOR

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	HEALTH INSURANCE [1]	TECHNOLOGY COSTS [2]	CAPITAL ASSETS [3]	CENTERS FOR EXCELLENCE [4]	BOARD INITIATIVES [5]	OPERATIONS POOL [6]
University System office	($2,064)	($1,049,932)	($1,310,000)	($1,000,000)	50,000	$2,000,000
Bismarck State College		(30,711)				
Lake Region State College		(6,142)				
Williston State College		(6,810)				
University of North Dakota		(101,817)			(50,000)	
UND Medical Center		(26,014)				
North Dakota State University		(49,024)				
State College of Science		(38,067)				
Dickinson State University		(17,047)				
Mayville State University		(22,500)				
Minot State University		(34,564)				
Valley City State University		(39,406)				
Minot State University - Bottineau		(4,145)				
Forest Service	(1,961)	(238)				
Total general fund	($4,025)	($1,428,417)	($1,310,000)	($1,000,000)	$0	$2,000,000

	ADJUSTS FUNDING FOR CAPITAL ASSETS [7]	ADJUSTS FUNDING FOR STUDENT GRANT PROGRAMS [8]	RESTORES FUNDING FOR CAMPUS OPERATIONS [9]	REMOVES FUNDING FOR MARKETING INITIATIVE [10]	TOTAL GENERAL FUND CHANGES
University System office		$250,000			($1,061,996)
Bismarck State College					(30,711)
Lake Region State College					(6,142)
Williston State College					(6,810)
University of North Dakota			$250,000	($50,000)	48,183
UND Medical Center			(250,000)		(276,014)
North Dakota State University					(49,024)
State College of Science					(38,067)
Dickinson State University					(17,047)
Mayville State University			100,000		77,500
Minot State University					(34,564)
Valley City State University			200,000		160,594
Minot State University - Bottineau	$97,000				92,855
Forest Service					(2,199)
Total general fund	$97,000	$250,000	$300,000	($50,000)	($1,145,442)

House Bill No. 1003 - Other Funds Summary

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE CHANGES	SENATE VERSION
University System office	$115,498,722	$5,355,507	($1,500,000)	$3,855,507
Bismarck State College		1,785,000		1,785,000
Lake Region State College		375,000		375,000
Williston State College				
University of North Dakota		53,300,000		53,300,000
UND Medical Center				
North Dakota State University		26,000,000		26,000,000
State College of Science		3,668,920		3,668,920
Dickinson State University		10,882,047	(5,882,047)	5,000,000
Mayville State University		5,505,000	(1,355,000)	4,150,000
Minot State University				
Valley City State University		4,085,300	(785,300)	3,300,000
Minot State University - Bottineau				
Forest Service	1,090,001	1,090,001		1,090,001
Total other funds	$116,588,723	$112,046,775	($9,522,347)	$102,524,428

Detail of Senate Changes to Other Funds

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE [1]	REDUCES FUNDING FOR INFORMATION TECHNOLOGY COSTS [2]	REMOVES FUNDING FOR CAPITAL ASSETS [3]	ADJUSTS FUNDING FOR COMPETITIVE RESEARCH PROGRAM AND CENTERS FOR EXCELLENCE [4]	RESTORES FUNDING FOR BOARD INITIATIVES [5]	PROVIDES FUNDING FOR OPERATIONS POOL [6]
University System office						
Bismarck State College						
Lake Region State College						
Williston State College						
University of North Dakota						

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UND Medical Center						
North Dakota State University						
State College of Science						
Dickinson State University			($5,882,047)			
Mayville State University			(1,355,000)			
Minot State University						
Valley City State University			(785,300)			
Minot State University - Bottineau						
Forest Service						
Total other funds	$0	$0	($8,022,347)	$0	$0	$0

	ADJUSTS FUNDING FOR CAPITAL ASSETS [7]	ADJUSTS FUNDING FOR STUDENT GRANT PROGRAMS [8]	RESTORES FUNDING FOR CAMPUS OPERATIONS [9]	REMOVES FUNDING FOR MARKETING INITIATIVE [10]	TOTAL OTHER FUNDS CHANGES
University System office		($1,500,000)			($1,500,000)
Bismarck State College					
Lake Region State College					
Williston State College					
University of North Dakota					
UND Medical Center					
North Dakota State University					
State College of Science					
Dickinson State University					(5,882,047)
Mayville State University					(1,355,000)
Minot State University					
Valley City State University					(785,300)
Minot State University - Bottineau					
Forest Service					
Total other funds	$0	($1,500,000)	$0	$0	($9,522,347)

House Bill No. 1003 - All Funds Summary

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE CHANGES	SENATE VERSION
University System office	$467,577,358	$64,407,816	($2,561,996)	$61,845,820
Bismarck State College		17,528,038	(30,711)	17,497,327
Lake Region State College		5,383,655	(6,142)	5,377,513
Williston State College		5,407,971	(6,810)	5,401,161
University of North Dakota		140,347,079	48,183	140,395,262
UND Medical Center		30,268,879	(278,014)	29,990,865
North Dakota State University		94,613,514	(49,024)	94,564,490
State College of Science		28,217,311	(38,067)	28,179,244
Dickinson State University		24,866,887	(5,699,094)	18,967,793
Mayville State University		14,119,424	(1,277,500)	2,841,924
Minot State University		26,166,992	(34,564)	26,132,428
Valley City State University		15,494,712	(624,706)	14,870,006
Minot State University - Bottineau		4,169,664	92,855	4,262,519
Forest Service	2,915,258	2,863,276	(2,199)	2,861,077
Total all funds	$470,492,616	$473,855,218	($10,667,789)	$463,187,429
FTE	2,400.38	2,400.38	0.00	2,400.38

Detail of Senate Changes to All Funds

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE [1]	REDUCES FUNDING FOR INFORMATION TECHNOLOGY COSTS [2]	REMOVES FUNDING FOR CAPITAL ASSETS [3]	ADJUSTS FUNDING FOR COMPETITIVE RESEARCH PROGRAM AND CENTERS FOR EXCELLENCE [4]	RESTORES FUNDING FOR BOARD INITIATIVES [5]	PROVIDES FUNDING FOR OPERATIONS POOL [6]
University System office	($2,064)	($1,049,932)	($1,310,000)	($1,000,000)	$50,000	$2,000,000
Bismarck State College		(30,711)				
Lake Region State College		(6,142)				
Williston State College		(6,810)				
University of North Dakota		(101,817)			(50,000)	
UND Medical Center		(28,014)				
North Dakota State University		(49,024)				
State College of Science		(38,067)				
Dickinson State University		(17,047)	(5,882,047)			
Mayville State University		(22,500)	(1,355,000)			
Minot State University		(34,564)				

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Valley City State University		(39,406)	(785,300)			
Minot State University - Bottineau		(4,145)				
Forest Service	(1,961)	(238)				
Total all funds	($4,025)	($1,428,417)	($9,332,347)	($1,000,000)	$0	$2,000,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	ADJUSTS FUNDING FOR CAPITAL ASSETS [7]	ADJUSTS FUNDING FOR STUDENT GRANT PROGRAMS [8]	RESTORES FUNDING FOR CAMPUS OPERATIONS [9]	REMOVES FUNDING FOR MARKETING INITIATIVE [10]	TOTAL ALL FUNDS CHANGES
University System office		($1,250,000)			($2,561,996)
Bismarck State College					(30,711)
Lake Region State College					(6,142)
Williston State College					(6,810)
University of North Dakota			$250,000	($50,000)	48,183
UND Medical Center			(250,000)		(278,014)
North Dakota State University					(49,024)
State College of Science					(38,067)
Dickinson State University					(5,699,094)
Mayville State University			100,000		(1,277,500)
Minot State University					(34,564)
Valley City State University			200,000		(624,706)
Minot State University - Bottineau	$97,000				92,855
Forest Service					(2,199)
Total all funds	$97,000	($1,250,000)	$300,000	($50,000)	($10,667,789)
FTE	0.00	0.00	0.00	0.00	0.00

1 This amendment reduces funding for state employee health insurance premiums from $493 per month to $488.70 per month. This only affects the North Dakota University System office and the Forest Service. The executive budget recommendation included no funding for health insurance increases for higher education institutions.

2 This amendment reduces the general fund for the North Dakota University System office, higher education institutions, and the Forest Service equivalent to a 4 percent reduction in information technology funding; however, the reductions are not limited to information technology.

3 This amendment removes the authorization provided by the House for the Industrial Commission to issue bonds totaling $8,022,347 for construction costs associated with the following projects:

Dickinson State University	Murphy Hall Phase I addition	$5,882,047
Valley City State University	Graichen Gymnasium elevator and emergency exits	$785,300
Mayville State University	Steamline replacement Phase 2	$1,355,000

This amendment removes the escrow account established for the purpose of making the first four annual lease rental payments for the retirement of the bonds. The escrow account was to consist of up to $1,310,000 transferred from the general fund amounts appropriated for capital assets in Subdivision 1 of Section 1 and $250,000 provided as local responsibility from other Dickinson State University fund sources.

4 This amendment provides funding of $4,100,000 from the general fund for competitive research, a decrease in funding from the House version of $900,000, and provides funding of $1,900,000 from the general fund for centers for excellence, a decrease in funding from the House version of $100,000. The amendment provides $100,000 of the funding for competitive research is for the establishment of a design center at the University of North Dakota. The amendment also provides $1,500,000 of the funding for centers for excellence is for the John D. Odegard Center for Aerospace - Center of Excellence in Multimedia Technology and $500,000 is to be allocated by the State Board of Higher Education for future centers for excellence. Of the funding for the John D. Odegard Center for Aerospace - Center of Excellence in Multimedia Technology, $206,000 is for an Expanded Air Service Enterprise - Upper Great Plains Air Taxi Service Initiative.

5 This amendment restores funding of $50,000 from the general fund to the North Dakota University System office board initiatives line item and removes funding of $50,000 from the general fund allocated by the House to the University of North Dakota for the university's Nordic initiative.

6 This amendment provides funding of $2 million from the general fund for an operations pool to be allocated by the State Board of Higher Education to higher education institutions.

7 **Mayville State University** - This amendment transfers funding of $50,000 from a special line item as provided by the House for improvements in Old Main to the university's capital assets line item. The funding is intended to provide total capital assets funding equivalent to 3.89 percent of the North Dakota University System capital assets funding formula.

Minot State University - Bottineau - This amendment provides capital assets funding of $97,000 from the general fund to Minot State University - Bottineau. The funding is intended to provide total capital assets funding equivalent to 10.49 percent of the North Dakota University System capital assets funding formula.

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8 This amendment removes the special funds spending authority of $1.5 million added by the House for the student financial assistance grants relating to potential payments that may be received under the North Dakota-Minnesota reciprocity agreement and modifies Section 6 of the engrossed bill to provide that the North Dakota University System office is appropriated all additional funds received under the North Dakota-Minnesota reciprocity agreement for student financial assistance grants. In addition, the amendment also increases funding for the scholars program by $250,000 from the general fund, from $816,368 to $1,066,368.

9 This amendment restores funding of $250,000 from the general fund to the University of North Dakota, from the University of North Dakota Medical School. This amendment also provides funding of $100,000 from the general fund to Mayville State University and $200,000 from the general fund to Valley City State University for costs associated with the institutions' high-tech laptop computer initiatives.

10 This amendment removes funding of $50,000 from the general fund provided by the House to the University of North Dakota for a grant to the university's athletic department for a Canadian marketing initiative relating to the 2005 World Junior Hockey Tournament.

House Bill No. 1003 - Other Changes - Senate Action

This amendment also:

- Amends Section 11 of the bill to clarify language regarding funding included from the water development trust fund for disaster-related costs.
- Amends Section 16 of the bill to remove two new accountability measures added by the House.
- Amends Section 17 of the bill to increase the transfer from the student loan trust fund to the state general fund by $1 million, from $13,258,969 to $14,258,969.
- Adds a section to the bill relating to education incentive programs.
- Adds a section to the bill allowing the State Board of Higher Education to authorize the transfer of funds from a higher education institution's operations line item to the capital assets line item.
- Adds a section to the bill providing for a Legislative Council study relating to the continuation of the higher education study.
- Adds a section to the bill allowing the State Board of Higher Education to authorize the construction of a basketball arena for the University of North Dakota to be funded with private funds.
- Adds a section to the bill allowing the State Board of Higher Education to authorize the University of North Dakota to purchase for a sum of $1.2 million a hotel and land upon which the hotel is located for use as a student residence facility.
- Adds a section to the bill relating to the Mayville State University fieldhouse renovation project.
- Adds a section to the bill relating to funding for the University of North Dakota Medical School.
- Amends the emergency clause to include the contingency and capital emergency line item and Section 11 of the bill.

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2003 HOUSE APPROPRIATIONS

CONFERENCE COMMITTEE

HB 1003

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1003

House Appropriations Committee
Education and Environment Division

☑ Check here for Conference Committee

Hearing Date April 14, 2003

Tape Number	Side A	Side B	Meter #
1	X		2.5
Committee Clerk Signature	Celeste Wallin		

Minutes:

Chairman Martinson opened the conference committee hearing for HB 1003, Higher Education. All members of the conference committee were present. Chairman Martinson asked the Senate to go through the amendments and what they have done.

Senator Holmberg We can start with the details of Senate change to the general fund. We reduced the recommended funding for the health insurance which was a standard reduction that was made in Senate and House bills.

We moved funding for information technology costs which was $1.4 million. The Senate reduced information technology across the board 4% based upon the amount of general fund dollars that were in the information technology plan. The information technology plan is a campus based plan so they are a little different. We did the 4% cut with the knowledge that the numbers here are not perfect.

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We removed funding for capital assets which is the $1.31 million that the House put in for the escrow account to pay the bonds on the three capital construction projects that were going on. There wasn't anyone in the Senate that ever expressed a suggestion that those projects were not important. We had a lot of trouble with the funding mechanism and felt that we wanted to have this as one of the points of discussion.

We reduced EPSCOR back to the governor's recommended level of $4 million. That money was not removed or put back into the general fund, it was transferred to a Centers for Excellence that's located in HB 1021 which is the Ag. Extension Experiment Station budget.

We restored funding for board initiatives which is a $50,000 appropriation.

We provided funding for an operations pool. The House reduced operations across the board by about $5.9 million. We reduced information technology funding to the tune of $1.4 million. We put in flexibility language and a $2 million pool. One of the million dollars that is in that pool came from the $1,310,000 that was in the capital assets line item and the other million in that pool came from the student loan trust fund. The governor had recommended this trust fund be spent down to $26 million. There is $27 million in that fund, as of the other day. There is still $1 million in that fund over what the governor had recommended.

We added $97,000 to the capital assets line for Minot State at Bottineau. The concern there was the air conditioning on the floor that has computers, etc. The House had added $50,000 to Mayville State University for a sound system. We did direct that money to the capital assets. In our meetings with the board office, they felt the appropriate place for that funding would be in capital assets. The $50,000 does not appear in this line because it is already in the bill. It was something that the House had put in.

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Chairman Martinson Where does it show the increase of $50,000 for Mayville?

Senator Holmberg It doesn't show because we did not add that. That money was already there.

You folks had put the money in and we did not change it.

Chairman Martinson You moved it from one to another right, it should show an increase

shouldn't it?

Roxanne, Legislative Council It is not an increase from the House to the Senate version dollar wise. That is why you don't see the dollars here. It was simply a change from one line item to the next and the changes to those numbers would be reflected in the first part of this amendment. It is just dollar changes from the House version to the Senate version.

Senator Holmberg I had the same question. I called Roxanne and asked her where the $50,000 for Mayville is and it is here.

Rep. Aarsvold The language reflects that in the bill somewhere?

Senator Holmberg The language is in the front part where it increases the amount of money that is in the capital assets line item for Mayville.

Chairman Martinson That's what I was asking, where is that?

Roxanne, LC On page 2 of the yellow amendments, it says page 3, line 27 replace $364,589 with $414,549, an increase of $50,000. Where it says page 3, remove line 29, if you look in the engrossed version of the bill, line 29 is the Old Main improvement for $50,000 and we simply removed that. We increased the capital assets line item by $50,000 and removed line 29 on page 3 of the engrossed bill.

Senator Holmberg continued on with his explanation of the amendments.

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We removed the $1.31 million in construction projects. $250,000 of that money that we removed was put back into the student grant program, that's the North Dakota Scholar's Program. We generally run about 45 to 47 new North Dakota graduates every year in this program. We would be down to about 22 or so new scholars every year. We felt that the investment of keeping an additional 20-25 North Dakotans in North Dakota was worth the $250,000.

We did not agree with the $250,000 transfer that the House had made from the University of North Dakota budget to the medical school budget, and we transferred that money back. That is not an addition of money, it is just a transfer. You transferred from the original budget the money to the medical school, in our version we transferred it back to the university.

We added $100,000 to Mayville and $200,000 to the line item for Valley City State University. This has to do with the costs associated with those two institution's high tech lap top computer initiatives. All of their students are on lap tops and they had additional costs, so that is why that money was put in there.

The House had put $50,000 into a line item to help with marketing expenses to the 2005 World Junior Hockey Tournament for Canadian marketing. In our discussions and meetings with the board, we felt strongly that that is really not a function of the Higher Education system to market, but more a function of the Department of Commerce. We transferred the money and the language to the Department of Commerce budget. That was removed on the Senate floor.

The net general fund changes to this bill are a reduction of $1.145 million from what the House had passed.

We amended section 16 of the bill to remove two new accountability measures added by the house. It was our position that the accountability measures that were in the original bill were the

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ones that had been studied over the last four years, and are all going to be factors in the next two years. We anticipate there will be a continuation of the round table study over the next two years and during that time we very likely might find that these two new accountability measures, perhaps more. Perhaps taking a few of them out would be the appropriate way to go.

We amended section 17 of the bill to increase the transfer from the student loan trust fund to the state general fund by $1 million. That's the $1 million that we put into the pool that came from outside this bill. The student loan trust fund will be $1 million above the governor's recommendation as of this moment.

We added a section to the bill that relates to the education initiative program.

We amended section 11 of the bill to clarify language relating to funding included from the water development trust fund for disaster related costs. My recollection of that is that that was language that was sought by the board for the disaster costs but I would have to get more information if you needed more.

We made a change to the operations pool. The House had taken the money coming from the reciprocity agreement and said that the board can receive up to $1.5 million that would come in from that. It was our sense that in all likelihood it is not going to be anywhere near that. We went back to language that we had in the past having to do with their ability to spend that money for student financial assistance grants as determined by the board.

The governor talked about Centers for Excellence in his message and looking at investing in the future. In more than one budget we looked at Centers for Excellence as an investment for the future. We defined the Centers for Excellence in HB 1019. The basis for that amendment and language comes from some things that are being done in West Virginia. The governor had

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originally talked about $5 million in Centers for Excellence. When you put together the bills that passed the Senate there are $5 million for Centers for Excellence and another $500,000 in a pool to the board for future Centers for Excellence. The Centers for Excellence are in HB 1019, HB 1021, and HB 1003. There is no additional money in HB 1003 over and above the $2 million that the House left in it for Centers for Excellence.

Chairman Martinson What is the breakdown of the $5 1/2 million?

Senator Holmberg **See handout entitled "Centers of Excellence".** The dollar amounts are not on there.

Chairman Martinson What is the $1.5 at NDSU for?

Senator Holmberg For their infrastructure, which is their building. Under Centers for Excellence, we are talking about at least a 2 to 1 match. You are talking not only about a Centers for Excellence, which is to grow our states economy utilizing in large part research and the capabilities of our university system, but also others have to support it. You are going to have to get federal money and private money in order to have that go forward.

Chairman Martinson What is the match for the Centers for Excellence beef processing center?

Senator Holmberg That is still the 2 to 1. The Center for Nanoscale Science and Engineering at NDSU is federally funded. They did not ask for any funding from the state, but having been defined by the legislative assembly as a Centers for Excellence as we understand it, gives entities a little more prestige when they go after private and federal moneys. There is a Centers for Entrepreneurship and Innovation which includes a Center for Technology Enterprise at NDSU Research and Technology Park, that's $1.5 million that needs to be leveraged in order for it to go

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forward. The Center for Innovation at UND was a $1 million addition to a building they are growing out of.

Rep. Wald For a building?

Senator Holmberg Yes. Both the Entrepreneurship and Innovation are construction. The idea of Centers for Excellence is a one time infusion of money that needs to be matched by other folks in order to grow our capacity, utilize research and to create jobs down the road. The reason that the definitions of Centers for Excellence ended up in the Commerce budget was because of a sense, on the part of the Senate, that Higher education knows research, they know education, and the Department of Commerce is the agency that should know economic growth in the state. The John D. Odegard Center for Aerospace Science at UND, the Centers for Excellence in multi media technology and the Upper Great Plains air taxi service is within that $1.5 million. The Upper Great Plains air taxi, or expanded air service enterprise is a project that if the private and government funds are raised, will do a study on the future of air service in North Dakota. They are hoping that this will trigger an immediate NASA grant to assist in looking beyond where we are right now in air traffic in North Dakota, which is particularly relevant to our smaller communities.

The $500,000 is the pool. The dollars are here in this particular budget. There are discussions going on as to how the board of higher education, the foundation board and Department of Commerce should interface. There is still ongoing discussions as far as how those entities should work together.

We have an education incentive program which is section 19. We have a series of programs to help students pay for education. They are not fully funded in this budget. The board asked if

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they could have more flexibility in that particular area because they knew they couldn't fund every request that they had.

Section 20 is really current language, that is how the transfer authority is handled currently. We added that language in.

In section 21, we urged a continued study of higher education.

Section 22 and 23 have to do with legislative approval of board action. The Englestad people at UND asked the board for permission to construct a basketball arena connected to the Englestad arena. They would do that with private funds, the funds that they raise.

Because of increased enrollments and projections of continued increasing enrollments, UND asked for the authority to purchase a hotel in Grand Forks for the sum not to exceed $1.2 million.

Rep. Wald How many rooms?

Senator Holmberg 98 rooms.

Senator Holmberg continued on with his explanation of the amendments.

In section 24, if you recall Mayville State and the surrounding community are working to renovate and add to that particular facility. They have a sales tax in place. They ask for this language to give them a little more flexibility and that is why section 24 was added.

Rep. Aarsvold The vote on the sales tax initiative referendum is on the 29th of this month.

Senator Holmberg Is it popular?

Rep. Aarsvold Talking to the folks in downtown Mayville, they think it is very positive.

Senator Holmberg continued on with his discussion of the amendments.

Regarding section 25, there has been continued discussion between the closure of the facility in Fargo and the UND medical school as far as some debts that were written off. We had a lot of

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meetings on that. The House was very appropriate. They said, let's put that behind us, let's pay that bad debt and let's move on. The only thing the Senate did was they said that that bad debt that they are paying is really a one time infusion and shouldn't be part of the ongoing base budget of the UND medical school.

Rep. Wald The air taxi service, we will attract what federal dollars and how much?

Senator Holmberg If they don't get the money, they don't get this money. It appears that $70,000 to $100,000 in immediate NASA matching funds. They still have to look at some other matching funds too because of the 2 for 1 match.

Chairman Martinson closed the conference committee on HB 1003, Higher Education.

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1003

House Appropriations Committee
Education and Environment Division

☑ Check here for Conference Committee

Hearing Date April 15, 2003

Tape Number	Side A	Side B	Meter #
1	X		0.1
Committee Clerk Signature	Celeste Keller		

Minutes:

Chairman Martinson opened the conference committee on HB 1003, Higher Education. All members of the conference committee were present.

Chairman Martinson went through some things that there wasn't a problem with. Sections 20, 22, and 23 were okay and no further discussion was necessary. They were okay with section 25 as well.

Rep. Wald That's the money that was left over from the med school?

Senator Holmberg They wrote off. It pays them on a one time basis.

Chairman Martinson Senator Holmberg, I don't believe we have a problem with where you removed the new accountability measures. Other than that, there is nothing else we agree with you. We can start on some things that are not the major things.

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Rep. Aarsvold One concern that we were aware of and that was recently brought to our attention again has to do with the second year salary for the new president of Mayville State University. Some 10 or 12 years ago the board put Mayville and Valley City State together under one administration. That has not worked as well as we had anticipated and the board, by their action about 1 ½ years ago, decided to revert back to the previous administration style of a president at each campus. They provided, from board funds, the salary for the first year of this coming biennium but no provision has been made for the second year president's salary at Mayville State University. That is a real expenditure that we must look at and reflect on and decide how we are going to pay for that salary.

Senator Holmberg This isn't an issue that you addressed in the House and rejected?

Rep. Aarsvold It was not.

Rep. Wald What is the dollar amount?

Rep. Aarsvold I do not have a dollar amount. Laura Glatt is here.

Laura Glatt I would have to get the exact number for you. It seems to me with fringe benefits we are talking in the neighborhood of $170,000 to $175,000, something like that. We would have to get the exact number for you. With the addition of the new president, there is more recent numbers.

Rep. Wald When the budget was put together, why wouldn't that money be reflected in the executive recommendation? Was it a matter of timing?

Laura Glatt I am not sure it was so much a timing issue, part of the issue is there was the success II initiative addressed to the Mayville and Valley City State campuses. There were two funding options that the board could choose between. One was a fully funded and one was a

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phased implementation of a number of things, one of which was restoring to the two presidents, adding some funds for advancement, and marketing and enrollment management, all to support the recommendations made. There were a number of funding sources that were supposed to be used to fund those activities. One of the funding sources was an allocation for a board initiative fund. Other funding sources was income from enrollment growth, private funding either to come though the foundation or private giving. In some instances, that private money and the tuition revenue from enrollment growth have not materialized as they projected. What we have is a situation where there was, in the budget planning, some contemplation of dollars coming from outside sources. Those dollars have not materialized to that level at this point. That is part of the problem. The other thing is when we dealt with it, we were dealing with two fiscal years, 2002-03 and 2003-04 which crossed bienniums. That is another problem in terms of getting a biennial budget rather than just an annual budget.

Senator Holmberg Now this is before us, if we did nothing, what would be the response of the board to this financial situation?

Laura Glatt We have not had discussions with the board per se on this issue, but we have spoken with officials at Mayville State.

Chancellor Isaak When the board considered this issue a year ago, they were given a two year budget and it crossed bienniums. To hire a president, and several other activities to beef up their enrollment management and foundation activities, the campus has taken steps to do this and I think they have hired an assistant in the foundation. They said, here is how much all of this is going to cost and what we would like from the board initiative funds is $235,000 to phase that in. This was for Valley City and Mayville to do the things they wanted to do. In addition, the

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consultants had built in some costs that they thought should come from internal allocations on the campuses, raising of private funds and so forth. The request was for $235,000 for a phased in approach to all of these things. The board allocated $225,000. Not all of those other sources of revenue are materializing as the consultants predicted. The issue is what the campus does if there is no more funding put in their budget from the state. We will have to deal with it through internal reallocations or as part of their process of tuition. I look at it as a package of things that were recommended by the consultants that they said the campuses need to do, here were some sources of funding to do these things. It is not just the president's salary here, it's these set of recommendations. All of the funding sources are not materializing for those from non-state funds. If the legislature doesn't provide the funding for that, then we will have to look at other alternatives either through the tuition rates we set or internal allocations.

Rep. Wald When you say the funds didn't materialize, was that restricted to the Mayville campus only, we are not talking system wide?

Isaak Mayville.

Rep. Wald What was that estimate?

Isaak At that time they asked the board to put $235,000 into Valley City and Mayville for what we call the success II report and to implement that report. The board allocated $225,000. $185,000 went to Mayville and $40,000 went to Valley City.

Rep. Wald That would be the salary of the second year for the president you just hired at Mayville?

Isaak Roughly about that amount, yes.

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Rep. Aarsvold Many of the initiatives that the success II suggested to the campus are beginning to take shape. They have gone through a major curriculum study there. The purpose is to become more attractive in terms of attracting more students. Projections for the coming school year are very positive in terms of enrollment and I can't give you the precise number, but conversations with the folks in the foundation indicate that the enrollment figures are very positive. The interim president has taken some pretty dramatic steps to make this a more attractive campus and to find that special nitch that success II and the board has been talking about for that particular campus and for each of the campuses across the system. I am thinking perhaps the expectations of success II are beginning to take shape but perhaps not as quickly as we'd like. I have every confidence that things will go as success II projected.

Senator Robinson We not only had a change in administration, we brought in an interim president in the midst of that. There was a change in the foundation officer's position at Mayville. There is number of things that have happened here. No one is suggesting that the projections of success II are way out of line. I think it is a matter of timing. The new president is coming on board to Mayville around July 1st. Late last fall they had a change in the executive director's position in the foundation, so there were a number of circumstances that played into this thing.

Chairman Martinson That is something we will need to address. I don't know that we can expect Mayville to eat that $175,000 or whether that should come out of the system office.

Senator Holmberg If the board has any other suggestions on how to handle it, I certainly would be willing to listen to suggestions they have.

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Chairman Martinson We did designate the $50,000 to go to the sound system. You were kind enough not to eliminate that, but you put it in their general budget, and I would like to have that be specific for their sound system in the auditorium.

Rep. Aarsvold Six or seven years ago there was a major (inaudible) job on Old Main. Part of that was a result of a lot of water damage in parts of the building including the auditorium. The community and the campus after the (inaudible) invested about $50,000 of local dollars and several hundred hours of local time that people contributed to that effort. It has been refurbished and is really quite a nice facility. The sound system is deficient. If you were on the budget tour about a year ago, there was a very brief production presentation to the committee, if you were there you undoubtedly heard the inadequacy of the sound system. With the addition of the sound system, it will be a very serviceable facility for many years to come.

Senator Holmberg The Senate was very supportive of the money. It would have been one of those things easy to slip out of the budget. We left it in there and we visited with the board office and got advice that a better place for it was in the capital assets line item. We can certainly discuss that, because clearly it is not a matter of dollars, the dollars are there.

Chairman Martinson That is where we want it to go, they have a new president, they have new people and rather than somebody saying well, we could get by with a $15,000 system and use the money for something else. I would like to have legislative intent that that entire $50,000 goes where we want it to go.

On another matter, Rep. Aarsvold and I were on the conference committee last year. I personally called up Dr. Wilson at UND medical school and told him that there was a possibility that we had an extra $165,000 from pool money, would there be a place that he could use that. He said

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yes and told us where he would use it. We gave them that money. That was special money out of pool money from the board. The board of higher education gave UND equity money that was supposed to be split on a percentage basis between UND and the medical school. They gave it to UND. They cut the $165,000 out of the allocation to the medical school. That is why we have that $250,000 in there. The $165,000 that they are owed, I think it was $169,000 plus penalty and interest.

Senator Robinson What section is that in?

Chairman Martinson On page 8 if you look under UND medical school, they took it out of the medical school and gave it back to UND. It is not a question of more money, it is just a question of taking it out of UND's budget and giving it to the school where it belongs. They were supposed to have it, that was our intent. We feel pretty strong about putting that back.

We do not agree with you taking the money out of the Centers for Excellence and transferring to the Commerce Department at all.

We do not accept your amendment that took out the renovations that are sorely needed in those schools.

Senator Holmberg I would suggest when you look at this bill, that this bill came to us with $2 million dollars in Centers for Excellence and this bill has in it $2 million dollars in Centers for Excellence.

Chairman Martinson Where is that?

Senator Holmberg On the bill under Centers for Excellence, the governor had a total of $7 million dollars for Centers for Excellence and internships. There was money moved around. In the House you reduced the internship, I believe, by $1 million dollars and you reduced the

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Centers for Excellence but I don't remember specifically what the House did. When the bill came over to us, my recollection is that there were $2 million dollars.

Chairman Martinson Didn't you take that out?

Senator Holmberg What we took out and transferred to the Beef Centers of Excellence program was the additional money that the House put in over and above the governor's recommendation on EPSCOR. The Centers for Excellence that are in HB 1003 are fully funded. The Beef Center for Excellence in HB 1021 was funded by that money. In the Commerce Department there was $1 million new dollars and $1 million old dollars. With the internship program there, the other million was put into that particular Centers for Excellence in the Department of Commerce. HB 1003 follows, with the exception of transferring that million dollars out in dollar amounts, that is what the House was talking about.

OMB has a sheet that Sandy Paulson put together that has those dollar amounts, all the bills and where everything is. **See attached handout.**

Chairman Martinson Some of the Minot people talked to me and said that you reduced the Minot budget by $500,000, and I can't find it in here.

Senator Robinson There is some confusion regarding that. In the budget that came from the House, the House had reduced the operating line of all of the member institutions by some $5.8 million. In that reduction there was a reduction at Minot State of approximately $507,000. There are reductions in the other institutions as well. I was asked about that today, if in fact we had reduced the budget in operating and we have not.

Chairman Martinson It is the $500,000 that we reduced, it is not an additional?

Senator Robinson Exactly.

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Chairman Martinson I would like to talk about the Centers for Excellence at another time. We don't think it should be in the Commerce Department, we would like to see it in higher education.

Rep. Wald Senator Holmberg, would you refresh me on that design center at UND for $300,000?

Senator Holmberg This is a total of $300,000, but only $100,000 is money in this particular bill. The design center is a concept that has been moving along. It works with those folks who do research. If you look at the entire Red River corridor, which includes Wahpeton all the way up and all of the research that goes on there, there is a lot of interest as I understand it from our delegation in Washington on promoting that. The design center is one of the pieces of that to help do better than just putting money in EPSCOR and getti o 1 return. Breaking out of that cycle and assisting those researchers in such things and having someone look at it and say yes, this has commercial application and might end up as continuing research. It might end up at a tech. park, it might create jobs all over the state. The design center is one of those pieces. The amount of money in the design center in this budget is $100,000. They have to be able to demonstrate that they have their matching money prior to June 30th or the funding disappears and remains for EPSCOR.

Rep. Wald You are saying the general fund obligation is $100,000?

Senator Holmberg $100,000.

Maybe we want to wait a day, if there is resolution on information technology, that may or may not be helpful. There is some IT stuff in here and in a lot of bills. We are starting to get a list of bills and the difference appears to be how IT is structured.

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1003

House Appropriations Committee
Education and Environment Division

☑ Check here for Conference Committee

Hearing Date April 18, 2003

Tape Number	Side A	Side B	Meter #
1	X	X	31.1, Side B 5.9

Committee Clerk Signature Celeste Keller

Minutes:

Chairman Martinson opened the conference committee on HB 1003, Higher Education. All members of the conference committee were present.

Chairman Martinson We can at least start the process of talking about some of the things that we might be able to resolve.

Rep. Wald I have some amendments to pass out. Amendments .0216 on HB 1003 puts the three capital construction projects back in as they left the House. That would be $5.8 million for Murphy Hall, $785,000 for Valley City for their gymnasium and $1.3 million for the Steamline at Mayville. Karlene Fine informed me a couple of days ago that she has approximately $830,000 of unused revenue dedicated to capital bond repayments that will not be used in the coming biennium.

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On page 2 of the amendments, section 22, we would raise the cap from ten percent to ten and one-quarter percent. It would sunset back to ten percent at the end of the 07-09 biennium. I think that is something that we could live with. I think we can sell a quarter of a percent, raising that benchmark.

Senator Holmberg That would mean that the project would go ahead this biennium?

Rep. Wald Correct.

Senator Holmberg I am not going to be able to vote on this today because I think it may have been spent in two different places, which is fine. In the end it is all going to be reconciled. What is the potential for the 10.5% or 10.4% cap? In other words in helping balance the budget and still getting the projects done because I think that from the standpoint of the Senate, we want to do everything we can to get these buildings done. Initially when I heard about the $830,000 being used in a pool, my concern was does this mean that we are just setting that money aside and then no construction this year? The way this is contemplated here, we would build this year. The Senate wants to build. Does the House want to build to the tune of 10.4%?

Rep. Wald My thinking is that a quarter of a percent would be an easier sell to the House and probably to the Senate. I can't say for your body, but I think on our side a quarter percent would fly. 10.5% I think would probably have more resistance. I am not sure and I don't think anyone really knows. If it comes out of this committee unanimous, I think we can sell it on the House.

Senator Holmberg You had done an option at 12.11% and 10.5%. 10.49% sounds better than 10.5% or 10.39% because this is all in the marketing. If you move one tenth of a percent, is there a big change?

Karlene Fine I don't remember how much cushion was left there.

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Senator Holmberg It's a hundred and some thousand that second year.

Karlene Fine $121,000 is left. We could drop it below the 10.5% if you want to get to 10.49%.

It's a matter of working the numbers back to getting it to a level that you want to work with.

Senator Holmberg Would you object if we looked at that to see if the percentage could be 4.39%? If we could sell it, I would like to do it that way, that would free up some money within this budget which is extremely tight. We are looking for some money for some more flexibility.

Chairman Martinson We weren't going to use any of the money in the current bill were we? Wasn't this going to cover it, the ten and a quarter plus her unspent money?

Senator Holmberg I understand that, but when the folks above us saw the $830,000 that became something that they wanted to look at.

Chairman Martinson I have been told that out of this budget they need $1.6 million that they talked about for information technology, but now it is not going to be IT, it is just going to be a general reduction. We had already taken out 1.428.417. Is that your understanding that the arrangement is that we get that up to 1.6 total?

Senator Holmberg Right. The board had asked that it be more general rather than specific. It would be another $172,000. Chancellor Isaak was going to look at how best to deliver the money, but it would not be on top of the 1.4, it would be a total 1.6. The additional reduction would be $172,000.

Chancellor Isaak There are a couple of options. You have 1.4 that the Senate reduced. The options if you are going to go to $1.6 million are to spread the $172,000 out on top of the 1.428 or take the 1.6 and just take a certain amount out of every subdivision and section in HB 1003.

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Chairman Martinson My preference would be to take it out of the equity pool. I think that campuses have been hurt enough.

Isaak If you don't go that route, those are options if it is to the bottom line.

Chairman Martinson We need to discuss the issue of the president's salary at Mayville. I think that that should probably come out of that equity pool also. I don't think that we can ask Mayville to come up with another $175,000 out of their budget.

Senator Holmberg I am not going to disagree. It has to be paid for. One of the things that I had suggested, and I wasn't aware of this $830,000 being recycled, was to put most of that money into that equity pool so we could not only increase that a little bit but also pay for some of these other things that need to be paid for. I am not saying we have to, but that is why I am certainly hoping that we explore fully whether or not a 10.47 or 10.39 would build the buildings and at the same time give us funds. I would like to put as much money in that equity pool as possible.

Chairman Martinson The way Rep. Wald had it, it wasn't going to take money out of the equity pool anyway.

Rep. Wald You are saying move the $830,000?

Senator Holmberg $830,000.

Rep. Wald I am not sure that that bonding money can be used for another purpose.

Chairman Martinson Even if we move it, its got to be used for the buildings.

Senator Holmberg Could it free up general fund money? If it can't then we are spinning our wheels on that whole issue of using it elsewhere and sprinkling it elsewhere.

Chairman Martinson That was never our intent that we sprinkle it elsewhere, that we use that 850 plus this ten and a quarter to do the bonding bills.

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Senator Holmberg I understand that, and maybe it was a misunderstanding on the part of other folks that if that money was available, and we were able to bond for the entire building project, that would give us a little more leeway in higher education.

Chairman Martinson I see what you are saying, that that would free up that 850 for other things.

Senator Holmberg We can check that out and if it can't it would be nice to know because then that takes some other things off of the table.

Celeste, OMB The money for Karlene to pay the bonding isn't set aside in a special fund. It is a dollar amount limitation as to how much could be used to pay off those bonds so there is no pool of money available. That $830,000 is already included in your general forecast. There is no one tenth of one percent.

Rep. Wald Are you saying the 830 can only be used for bonding scenarios?

Celeste, OMB What I am saying is that there is no pot of money set aside.

Senator Robinson It does not have any impact on the general fund?

Celeste, OMB Right. The only thing I can think of is you can take some extraordinary repairs and bond for them and that would free up general fund money. You've done that in previous sessions. If you had excess bonding authority, you've taken some extraordinary repairs and bonded for them and freed up general fund money that way.

Senator Holmberg When we meet again we can have Karlene give us other options that we would have.

Chairman Martinson The House people are going to propose that we give $250,000 to Minot State University for their center for persons with disabilities.

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Senator Kringstad Is that for bonding?

Chairman Martinson No. That would have to also come out of that equity pool

Senator Robinson What type of commitments do we have on that equity pool as of right now if we would approve what is on the table?

Chairman Martinson We have deducted nothing from that $2 million that the Senate has in there. My thought is that we would take the additional needed to get to the 1.6, we would take the president's salary out of there for Mayville and we would take the $250,000 for Minot.

Senator Kringstad What is the president's salary?

Rep. Wald Around $175,000.

Senator Holmberg The other day, we looked at a bunch of things and then we got down to the fieldhouse renovation and addition at Mayville State, did we approve that?

Chairman Martinson No we hadn't. I don't have a note here that we approved that. Can we agree to that?

Senator Holmberg Yes.

Chairman Martinson adjourned the conference committee on HB 1003, Higher Education.

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1003

House Appropriations Committee
Education and Environment Division

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Hearing Date April 21, 2003

Tape Number	Side A	Side B	Meter #
1	X		12.1

Committee Clerk Signature Celeste Keller

Minutes:

Chairman Martinson opened the conference committee on HB 1003, Higher Education. All members of the conference committee were present.

Chairman Martinson What I would like to do if it is okay with you is if somebody make the first motion to get us to the point where we can have Roxanne start putting some things together.

Senator Holmberg I move that the Senate recede from its amendments to HB 1003 and that we further amend, Rep. Wald seconded.

A voice vote was taken and the motion carried.

Chairman Martinson Let's start with Mayville. Would everybody be agreeable that we draft language that the $50,000 is to be used for the sound system?

Senator Holmberg Fine.

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Chairman Martinson Are we in agreement on the money for the design centers at the university?

Senator Holmberg Yes.

Chairman Martinson Sections 20, 22, 23 and 24 we will keep in. How about sections 18 and 19?

Senator Holmberg I would urge us to keep 18, but we should reduce the dollar amount. The $1.4 million would become $1,150,000. That's the change there, the 206 stays the same. The $500,000 of a pool becomes $400,000 of pool. It is not exactly 20%, but it was roughly a 20% reduction in all of the Centers of Excellence.

Rep. Aarsvold Where do you find that language?

Senator Holmberg It is in section 18.

Rep. Wald What's the amount?

Senator Holmberg $500,000.

Rep. Wald How much was the change in the design center?

Senator Holmberg It's 100 general funds and they have to match. That didn't change.

Chairman Martinson How about section 19?

Senator Holmberg This was at the request of the board. It wasn't enough money to fully fund all of the incentive programs that we have and they wanted to have the language so that they could point out that yes, the legislature recognizes there wasn't enough money there.

Everyone agreed to section 19.

Chairman Martinson Section 21.

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Senator Holmberg I would hope we keep that in. If you recall, we have the next two years that the board will be utilizing the accountability measures that we have in. There were some other suggestions for some other accountability measures and working with an interim committee. I think that it would make some sense to get that input from the business section and all of these other sectors. There seems to be a lot of support for an internship program, but it still seems to be up in the air where that should land.

Chairman Martinson Any objection to that? Section 21 stays in. We okayed section 25 the other day. Would somebody move those amendments?

Rep. Wald moved the amendments and Senator Robinson seconded.

A voice vote was taken and the motion carried.

Chairman Martinson We had talked about $750,000 for the center for genetic research at NDSU for research efforts related to biotechnology. Would somebody care to move that?

Senator Holmberg I would move that, Rep. Aarsvold seconded. That's new money coming in. It's not here, it is an amendment and Roxanne will put that together.

Rep. Wald That's $750,000?

Chairman Martinson Right. That is new money.

A voice vote was taken and the motion carried.

Senator Holmberg I have one more but it actually came from the House. You had put a million into EPSCOR, we had reduced that additional million down to $4 million. In discussion this morning, the recommendation was that $750,000 be added back in to EPSCOR, so EPSCOR would be $4.75 million rather than $4 million.

Chairman Martinson Is that new money also?

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Senator Holmberg That is new money also.

Chairman Martinson Are you making a motion?

Senator Holmberg made the motion and Senator Robinson seconded.

A voice vote was taken and the motion carried.

Chairman Martinson We had talked, on page 10, about reductions of $1,428,417, we would like to get that to a total of $1.6 million. That additional to make that $1.6 million would come from the equity pool.

Senator Holmberg The discussion we had was, we knew the bottom line was going to be 1.6, was there a better way to remove it than what we did, and the last conversation I had with Larry was that he had to think about it and maybe he did make a recommendation that I am unaware of. If we could have him address that question, if he has had an opportunity to think that portion through further. The goal was the difference between the 4% and the 5% and the total was 1.6. What one could do is leave all of this there and add the $173,000 as you suggest or if he had another suggestion.

Chancellor Larry Isaak A suggestion was taking across the board from all of the campuses. Rep. Martinson made the suggestion of taking it out of the $2 million. I don't have a preference. It is up to you.

Senator Holmberg Equity pool or the $2 million pool, are they the same pool?

Isaak Inaudible.

Chairman Martinson Was that a motion Senator Holmberg?

Senator Holmberg made a motion and Rep. Aarsvold seconded.

A voice vote was taken and the motion carried.

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Chairman Martinson We need $175,000 for the president of Mayville and I would think that that should come out of the equity pool also.

Rep. Aarsvold I will make that motion.

Senator Holmberg Seconded the motion.

Rep. Wald The $175,000, that's for salary?

Chairman Martinson Salary and benefits.

Rep. Wald Did we adopt .0216 last time we met?

Senator Holmberg No. We had talked about it.

A voice vote was taken on the $175,000 for Mayville and the motion carried

Chairman Martinson On the accountability measures, we had agreed to take those out, would somebody make a motion?

Senator Robinson made the motion on the accountability measures and Senator Holmberg seconded.

A voice vote was taken and the motion carried.

Senator Holmberg On the bottom of page 10 there was clarifying language including the water development trust fund for disaster related costs, we had put that in and feel that should remain in.

Chairman Martinson Is that a motion?

Senator Holmberg made the motion and Rep. Aarsvold seconded.

A voice vote was taken and the motion carried.

Senator Holmberg The amendment that is in the bill regarding the air conditioning at Bottineau should have the same language intent that we did for the Mayville sound system. I move that.

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Rep. Aarsvold Seconded.

A voice vote was taken and the motion carried.

Senator Holmberg We amended the emergency clause to include contingency and capital emergency line items section, which has to remain in the bill. Senator Holmberg moved this.

Rep. Wald Seconded.

A voice vote was taken and the motion carried.

Senator Holmberg When we leave here today, if Roxanne could review the amendments that we have approved and see if there is something that the Senate had done that we inadvertently had not addressed.

Roxanne, Legislative Council There are just a few items that the Senate had amended that I can go over with the committee. I am assuming I can make the adjustments for the health insurance. The Senate restored the funding for the board initiative that removed the funding of $50,000 for the Nordic initiative, is that an issue the committee would like to settle on?

Chairman Martinson I think it would be easiest if you would talk about what you think we should add back in.

Roxanne, LC The Senate removed the special funds appropriation of $1.5 million for the student financial assistant grants relating to Minnesota reciprocity.

Chairman Martinson I made a note of that for discussion at another time. I think we should look at maybe half of that going to the private schools and the other half going where the board wants it to.

Senator Holmberg We need to sleep on that.

Roxanne, LC The Senate also provided $250,000 general fund dollars for the scholars program.

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Chairman Martinson That is on my list too.

Roxanne, LC I am assuming you added to that list the restoration of the $250,000 from UND to the UND medical school?

Chairman Martinson That is on our list too.

Roxanne, LC The Senate provided funding of $100,000 to Mayville and $200,000 to Valley City relating to their high tech computer upkeep. Is that on the list?

Senator Holmberg I would move that.

Senator Robinson Seconded the motion.

A voice vote was taken and the motion carried.

Roxanne, LC The Senate increased the transfer from the student loan trust fund by $1 million.

Senator Holmberg That was one of the points of discussion at the leadership level, that money needs to be in this budget. I would move that we keep that million there.

Chairman Martinson Where does that go?

Senator Holmberg That went to the pool to help create the $2 million dollar pool.

Senator Robinson Seconded Senator Holmberg's motion.

A voice vote was taken and t he motion carried.

Roxanne, LC The Senate provided funding for two of the UND special fund bonding projects, I believe it was the wellness and the athletic complex. They were previously listed separately in the bill.

Senator Holmberg We had requests from UND, they said they were working on two different complexes, I am not sure exactly what the dollar amount is going to be. They asked if they could

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have the two combined. One might end up $7 million and the other one might end up a larger amount so that is why they asked for this. This is not general fund.

Chairman Martinson Is that a motion?

Senator Holmberg That was a motion.

Rep. Aarsvold Seconded.

A voice vote was taken and the motion carried.

Rep. Wald What was the Valley City computer amount?

Senator Holmberg 200 for Valley City. It is in the bill.

Chairman Martinson And 100 for Mayville. Chairman Martinson adjourned the conference committee on HB 1003, Higher Education.

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1003

House Appropriations Committee
Education and Environment Division

☑ Check here for Conference Committee

Hearing Date April 22, 2003

Tape Number	Side A	Side B	Meter #
1	X		0.1

Committee Clerk Signature Celeste Keller

Minutes:

Chairman Martinson opened the conference committee on HB 1003, Higher Education. All members of the conference committee were present.

Chairman Martinson Senator Holmberg, did you have something prepared?

Senator Holmberg Was anything prepared Roxanne?

Roxanne, Legislative Council Unfortunately they are still in the process.

Chairman Martinson Why don't you do them verbally. When you do that, include $250,000 for the North Dakota center for persons with disabilities in Minot.

Senator Holmberg I would like to propose the following amendments to HB 1003. On the $250,000 for the scholars program, did we make a motion?

Chairman Martinson No.

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Senator Holmberg This would be part of it. That that $250,000 for student grant programs be returned to the operating pool.

Chairman Martinson That would be the equity pool on page 10, Roxanne.

Senator Holmberg We are going to make some further changes to that. We would add to Minot State University from that, $250,000 for their Center for Persons with Disabilities. We would take the language that was in the vocational education budget which dealt with the growing high tech industries in the four technical schools and utilize that language as the rationale for the following adjustments or additions to their operating line item. State School of Science at Wahpeton $200,000, BSC in Bismarck $150,000, Williston $75,000, Devils Lake $75,000 and a general addition to the operating line item of Bottineau State Minot for $50,000.

Chairman Martinson Is that a motion?

Senator Holmberg That was a motion.

Senator Robinson Seconded.

A voice vote was taken and the motion carried.

Chairman Martinson The House had $250,000 from the University of North Dakota to the medical school. Would somebody care to make a motion that we restore that $175,000?

Rep. Wald moved that the $175,000 be restored and Senator Robinson seconded.

ROLL CALL VOTES ON THE MOTION TO RESTORE $175,000 TO THE UND MEDICAL SCHOOL

5 Yes 1 No 0 Absent

The motion carried.

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Chairman Martinson On the grants, the private schools, we had passed it out that 20% had to go to the private four year degree granting schools. Under this current biennium they have 22%, so I would like to see them not get less than they had this year, so if somebody would make a motion.

Rep. Wald (inaudible).

Chairman Martinson I would have to look, but it is about $2.9 million.

Rep. Wald moved the 22% and Rep. Aarsvold seconded.

A voice vote was taken and the motion carried.

Chairman Martinson You took all of the money in reciprocity to be at the board's discretion. Would you amend that that says 22% of that would have to go to the private schools also?

Senator Holmberg Yes.

Chairman Martinson Is there a second?

Senator Robinson Seconded.

A voice vote was taken and the motion carried.

Chairman Martinson Last time we were here we talked about $500,000 from the equity pool to Bismarck State College for the energy center. It would have to be matched by an additional million dollars from public and private sources. Does somebody care to make a motion for that?

Senator Kringstad made a motion for $500,000 from the equity pool to Bismarck State College for the energy center.

Senator Robinson Seconded.

A voice vote was taken and the motion carried.

Chairman Martinson Let's go to buildings. We have some great news from Karlene Fine.

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Rep. Wald I think Karlene should show us the new revenue projections in terms of bonding and moneys available.

Karlene Fine What I have done here with this schedule is I have combined those projects that are in HB 1023, the building authority projects that were there along with the projects that were being proposed in HB 1003. Because I was able to combine those, we had some savings. In addition, I have taken the $830,000 that we weren't going to need for bond payments and use that to buy down some costs on the bond issue. We were able to get under the 10% cap and fund all of the projects. This is assuming that there will be an emergency clause on those provisions in this bill and the emergency clause passes on HB 1023 so those projects can all be done within the next couple months. **See attached documentation.**

Chairman Martinson Rep. Wald, when you make your motion would you include the emergency clause on this section and the section in the other bill.

Rep. Wald I would move that the conference committee reinstate the three building projects for a total of $8,022,347. The breakdown would be Dickinson State for Murphy Hall at $5,882,047, Mayville $1,355,000 for Steamline and Valley City State at $785,300. That is based on a $250,000 local match from DSU. I would further add that we add the emergency clause for those three projects in that section of the bill and in HB 1023.

Senator Robinson Seconded.

A voice vote was taken and the motion carried.

Senator Holmberg I have another amendment. **See proposed amendment** regarding the issue of the internships. The discussion points that higher education should help put that together. Having input from the round table, etc., the way I view this and what I believe those of us who

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were in commerce were thinking about was that the board would, over the next year, study a proposal and come up with some recommendations on an internship program that would go into effect the second year of the biennium.

Chairman Martinson Is there a second?

Senator Robinson Seconded.

Senator Holmberg There is no money in there for that, we are still working to see if we can scare up a few dollars. If I was able to free up $100,000 or $200,000 what I would do is suggest that that money go into the operating pool.

Chairman Martinson I think we should talk about that because we would like to end this today if we can. I had been told that you were going to take $100,000 from the equity pool for something and if that's this, let's do that if it is agreeable.

Senator Holmberg I would not oppose that, but what I would try to do then is on the OMB budget try to see if I can scare up $100,000 to put back in. I am really uncomfortable just taking it out of there.

Chairman Martinson Out of the equity pool?

Senator Holmberg Take it out of the equity pool today and say they can spend up to that. We don't want to force them to spend $100,000 if they can do something for less. I would hate to say that they have to spend $100,000 if they can do a good viable program with input from everyone for less than that.

Chairman Martinson If you want the money, let's put it in here. I have been told that that is what you are probably going to do.

Senator Holmberg Let's do it, let it go as is.

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Chairman Martinson Circulate those amendments to us before we all sign off on it so we can read your language. I am sure it will be acceptable.

Rep. Wald One shouldn't get greedy, but we do have a sizable enrollment at Dickinson State of international scholars. I think it is about 76 students or so. We could sure use $25,000 for the international scholars program.

Senator Holmberg Before we do that, could we ask Roxanne to tell us what is in the pool after we've added the $2.25 million?

Roxanne, Legislative Council In regards to the student internship program, did you want to take a dollar amount?

Senator Holmberg No. We are not going to designate a dollar amount.

Roxanne, LC It looks like the operations pool stands at $1,103,417.

Senator Holmberg That seems like a lot of money. Does that include the $500,000?

Roxanne, LC Is that going to come out of the equity pool?

Chairman Martinson Yes.

Roxanne, LC We are down to $603,417.

Senator Holmberg Why the odd numbers?

Roxanne, LC The odd number is responsible for coming up with the difference between the technology reductions made by the Senate and to (inaudible) to 1.6.

Senator Holmberg So what is your total amount?

Roxanne, LC $603,417.

Chairman Martinson If we do the 25 can that be it?

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Rep. Wald I would move that $25,000 to Dickinson State University for a international scholars program.

Rep. Aarsvold Seconded.

A voice vote was taken and the motion carried.

Chairman Martinson Roxanne, would you take a minute and check your schedule. We are done with my list. Senator Holmberg?

Senator Holmberg I just want to make sure that the record reflects that when we did the discussions on Centers of Excellence, if you recall, the description of it is in the commerce budget. I wanted to make sure that the record reflected in that particular section it talks about that the state money that goes to these projects is not subject to indirect costs at the campus level.

Rep. Wald moved that the Englestad arena open Sunday, December 25, 2004 and Rep. Aarsvold seconded.

A voice vote was taken and the motion carried.

Senator Robinson moved a do pass as amended on HB 1003 (final passage as amended) and Rep. Wald seconded.

ROLL CALL VOTES ON A DO PASS AS AMENDED

6 Yes 0 No 0 Absent

Rep. Wald will carry the bill.

Chairman Martinson adjourned the conference committee on HB 1003, Higher Education.

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38003.0216
Title.
Fiscal No. 1

Prepared by the Legislative Council staff for
Representative Wald
April 18, 2003

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1003

That the Senate recede from its amendments as printed on pages 1453-1461 of the House Journal and pages 1251-1259 of the Senate Journal and that Engrossed House Bill No. 1003 be amended as follows:

Page 1, line 5, after the second comma insert "54-17.2-23,"

Page 1, line 7, after the first comma insert "state building authority lease payments limitation,"

Page 1, line 8, after the semicolon insert "to provide an expiration date;"

Page 1, line 19, replace "14,100,689" with "12,790,689"

Page 2, line 8, replace "64,407,816" with "63,097,816"

Page 2, line 10, replace "59,052,309" with "57,742,309"

Page 4, line 30, replace "361,808,443" with "360,498,443"

Page 5, line 2, replace "473,855,218" with "472,545,218"

Page 5, line 8, replace "$14,100,689" with "$12,790,689"

Page 5, line 11, replace "and by the industrial commission to establish an escrow account as authorized in" with a period

Page 5, remove line 12

Page 8, after line 6, insert:

"**SECTION 14. TRANSFER - ESCROW ACCOUNT.** The North Dakota university system shall transfer $830,000 from the capital bond payments line item in subdivision 1 of chapter 28 of the 2001 Session Laws to the escrow account established in section 15 of this Act."

Page 8, line 7, replace "**- LIMITATION IN**" with a boldfaced period

Page 8, line 8, remove "**SECTION 54-17.2-23.**"

Page 8, line 9, replace "two" with "four"

Page 8, line 11, remove "The escrow account is established to address the general"

Page 8, line 12, remove "fund lease limitations of section 54-17.2-23 during the 2005-07 biennium."

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Page 8, line 13, replace "$1,310,000, or so much thereof as maybe necessary" with "$830,000" and remove "from the general"

Page 8, line 14, remove "fund amounts appropriated for capital assets", remove "subdivision 1 of", and replace the second "1" with "14"

Page 13, after line 4, insert:

"**SECTION 22. AMENDMENT.** Section 54-17.2-23 of the North Dakota Century Code is amended and reenacted as follows:

54-17.2-23. State building authority lease payments - Limitation. The general fund amount of lease payments for a biennium associated with capital construction projects financed by the industrial commission acting as the state building authority may not exceed the amount equal to a portion of sales, use, and motor vehicle excise tax collections equal to ten and one-quarter percent of an amount, determined by multiplying the quotient of one percent divided by the general sales tax rate that was in effect when the taxes were collected, times the net sales, use, and motor vehicle excise tax collections under chapters 57-39.2, 57-40.2, and 57-40.3. The computation for the authorized general fund lease payments for a biennium must be based on the projected sales, use, and motor vehicle excise tax collections presented to the legislative assembly at the close of the most recently adjourned regular legislative session. Lease payment amounts for any particular project must be calculated as of the date the related bonds are issued."

Page 20, after line 21, insert:

"**SECTION 26. EXPIRATION DATE.** Section 22 of this Act is effective through June 30, 2009, and after that date is ineffective."

Page 20, line 23, remove the second "and" and after "14" insert ", 15, and 21"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1003 - Summary of Conference Committee Action

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
University System office						
Total all funds	$467,577,358	$64,407,816	($1,310,000)	$63,097,816	$61,845,820	$1,251,996
Less estimated income	115,498,722	5,355,507		5,355,507	3,855,507	1,500,000
General fund	$352,078,636	$59,052,309	($1,310,000)	$57,742,309	$57,990,313	($248,004)
Bismarck State College						
Total all funds	$0	$17,528,038	$0	$17,528,038	$17,497,327	$30,711
Less estimated income	0	1,785,000	0	1,785,000	1,785,000	0
General fund	$0	$15,743,038	$0	$15,743,038	$15,712,327	$30,711
Lake Region State College						
Total all funds	$0	$5,383,655	$0	$5,383,655	$5,377,513	$6,142
Less estimated income	0	375,000	0	375,000	375,000	0
General fund	$0	$5,008,655	$0	$5,008,655	$5,002,513	$6,142
Williston State College						
Total all funds	$0	$5,407,971	$0	$5,407,971	$5,401,161	$6,810
Less estimated income	0	0	0	0	0	0
General fund	$0	$5,407,971	$0	$5,407,971	$5,401,161	$6,810

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University of North Dakota						
Total all funds	$0	$140,347,079	$0	$140,347,079	$140,395,262	($48,183)
Less estimated income		53,300,000		53,300,000	53,300,000	
General fund	$0	$87,047,079	$0	$87,047,079	$87,095,262	($48,183)
UND Medical Center						
Total all funds	$0	$30,268,879	$0	$30,268,879	$29,990,865	$278,014
Less estimated income						
General fund	$0	$30,268,879	$0	$30,268,879	$29,990,865	$278,014
North Dakota State University						
Total all funds	$0	$94,613,514	$0	$94,613,514	$94,564,490	$49,024
Less estimated income		26,000,000		26,000,000	26,000,000	
General fund	$0	$68,613,514	$0	$68,613,514	$68,564,490	$49,024
State College of Science						
Total all funds	$0	$26,217,311	$0	$26,217,311	$26,179,244	$38,067
Less estimated income		3,668,920		3,668,920	3,668,920	
General fund	$0	$24,548,391	$0	$24,548,391	$24,510,324	$38,067
Dickinson State University						
Total all funds	$0	$24,866,887	$0	$24,866,887	$18,967,793	$5,899,094
Less estimated income		10,882,047		10,882,047	5,000,000	5,882,047
General fund	$0	$13,984,840	$0	$13,984,840	$13,967,793	$17,047
Mayville State University						
Total all funds	$0	$14,119,424	$0	$14,119,424	$12,841,924	$1,277,500
Less estimated income		5,505,000		5,505,000	4,150,000	1,355,000
General fund	$0	$8,614,424	$0	$8,614,424	$8,691,924	($77,500)
Minot State University						
Total all funds	$0	$26,166,992	$0	$26,166,992	$26,132,428	$34,564
Less estimated income						
General fund	$0	$26,166,992	$0	$26,166,992	$26,132,428	$34,564
Valley City State University						
Total all funds	$0	$15,494,712	$0	$15,494,712	$14,870,006	$624,706
Less estimated income		4,085,300		4,085,300	3,300,000	785,300
General fund	$0	$11,409,412	$0	$11,409,412	$11,570,006	($160,594)
Minot State University - Bottineau						
Total all funds	$0	$4,169,664	$0	$4,169,664	$4,262,519	($92,855)
Less estimated income						
General fund	$0	$4,169,664	$0	$4,169,664	$4,262,519	($92,855)
Forest Service						
Total all funds	$2,915,258	$2,863,276	$0	$2,863,276	$2,861,077	$2,199
Less estimated income	1,090,001	1,090,001		1,090,001	1,090,001	
General fund	$1,825,257	$1,773,275	$0	$1,773,275	$1,771,076	$2,199
Bill Total						
Total all funds	$470,492,616	$473,655,218	($1,310,000)	$472,545,218	$463,187,429	$9,357,789
Less estimated income	116,588,723	112,046,775		112,046,775	102,524,428	9,522,347
General fund	$353,903,893	$361,608,443	($1,310,000)	$360,498,443	$360,663,001	($164,558)

House Bill No. 1003 - University System Office - Conference Committee Action

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Capital assets	$117,068,750	$14,100,689	($1,310,000)	$12,790,689	$12,790,689	
Competitive research program	4,000,000				4,100,000	($4,100,000)
Centers for Excellence					1,900,000	(1,900,000)
Competitive research - Centers for Excellence		7,000,000		7,000,000		7,000,000
Board initiatives	535,306	435,306		435,306	485,306	(50,000)
System governance	4,512,642	4,479,337		4,479,337	4,472,850	6,487
Title II	695,600	695,600		695,600	695,600	
Technology pool	26,136,137	26,135,148		26,135,148	25,089,639	1,045,509
Operations pool					2,000,000	(2,000,000)
Contingency and capital emergency	1,752,767	1,752,767		1,752,767	1,752,767	
System initiatives	5,000,000					
Campus operations	299,415,187					
Student grant programs	8,458,969					
Professional liability insurance		1,850,000		1,850,000	1,850,000	
Student financial assistance grants		4,430,215		4,430,215	2,930,215	1,500,000
Professional student exchange program		1,676,300		1,676,300	1,676,300	
Scholars program		616,368		616,368	1,066,368	(250,000)
Native American scholarships		204,066		204,066	204,066	
Education incentive programs		630,000		630,000	630,000	
Total all funds	$467,577,356	$64,407,816	($1,310,000)	$63,097,816	$61,845,820	$1,251,996

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Less estimated income	115,496,722	5,355,507		5,355,507	3,855,507	1,500,000
General fund	$352,078,636	$59,052,309	($1,310,000)	$57,742,309	$57,990,313	($248,004)
FTE	2382.41	20.00	0.00	20.00	20.00	0.00

Dept. 215 - University System Office - Detail of Conference Committee Changes

	REMOVES FUNDING FOR CAPITAL ASSETS 1	TOTAL CONFERENCE COMMITTEE CHANGES
Capital assets	($1,310,000)	($1,310,000)
Competitive research program		
Centers for Excellence		
Competitive research - Centers for Excellence		
Board initiatives		
System governance		
Title II		
Technology pool		
Operations pool		
Contingency and capital emergency		
System initiatives		
Campus operations		
Student grant programs		
Professional liability insurance		
Student financial assistance grants		
Professional student exchange program		
Scholars program		
Native American scholarships		
Education incentive programs		
Total all funds	($1,310,000)	($1,310,000)
Less estimated income		
General fund	($1,310,000)	($1,310,000)
FTE	0.00	0.00

1 This amendment maintains the authorization provided by the House for the Industrial Commission to issue bonds totaling $6,022,347 for construction costs associated with the following projects:

Dickinson State University	Murphy Hall Phase I addition	$5,882,047
Valley City State University	Graichen Gymnasium elevator and emergency exits	$785,300
Mayville State University	Steamline replacement Phase II	$1,355,000

This amendment changes the escrow account established by the House for the purpose of making the first four annual lease rental payments for the retirement of the bonds from $1,310,000 transferred from the general fund amounts appropriated for capital assets in Subdivision 1 of Section 1 and $250,000 provided as local responsibility from other Dickinson State University fund sources to $830,000 of the amount appropriated for capital bond payments in Chapter 28 of the 2001 Session Laws and $250,000 provided as local responsibility from other Dickinson State University fund sources. This amendment also increases the North Dakota Building Authority's lease payment limitation from 10 percent of a 1 percent sales, use, and motor vehicle excise tax to 10.25 percent of a 1 percent sales, use, and motor vehicle excise tax for the 2003-05, 2005-07, and 2007-09 bienniums.

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9/30/03
Date

The State board of higher education shall study the use of internships to attract students to high-growth occupations in the state. The board is encouraged to seek input from the Department of Commerce, Job Service North Dakota, Roundtable on Higher Education and the North Dakota Student Association. The board shall present its report and recommendations to the 2005 Legislative Assembly.

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Operator's Signature

9/30/03
Date

Date: April 22, 2003
Roll Call Vote #: 1

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1003

House Appropriations Education/Environment Division Committee

[X] Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Motion to restore $175,000 to the UND Medical School

Motion Made By Rep. Wald Seconded By Senator Robinson

Representatives	Yes	No	Representatives	Yes	No
Representative Martinson	X				
Representative Wald	X				
Representative Aarsvold	X				
Senator Holmberg		X			
Senator Kringstad	X				
Senator Robinson	X				

Total (Yes) 5 No 1

Absent 0

Floor Assignment

If the vote is on an amendment, briefly indicate intent:

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LaCosta Rickford 9/20/03
Operator's Signature Date

Date: April 22, 2003
Roll Call Vote #: 2

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1003

House Appropriations Education/Environment Division Committee

[X] Check here for Conference Committee

Legislative Council Amendment Number

Action Taken DO PASS AS AMENDED

Motion Made By Senator Robinson Seconded By Rep. Wald

Representatives	Yes	No	Representatives	Yes	No
Representative Martinson	X				
Representative Wald	X				
Representative Aarsvold	X				
Senator Holmberg	X				
Senator Kringstad	X				
Senator Robinson	X				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Rep. Wald

If the vote is on an amendment, briefly indicate intent:

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LaCosta Rickford 9/30/03
Operator's Signature Date

REPORT OF CONFERENCE COMMITTEE

HB 1003, as engrossed: Your conference committee (Sens. Holmberg, Kringstad, Robinson and Reps. Martinson, Wald, Aarsvold) recommends that the **SENATE RECEDE** from the Senate amendments on HJ pages 1453-1461, adopt amendments as follows, and place HB 1003 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1453-1461 of the House Journal and pages 1251-1259 of the Senate Journal and that Engrossed House Bill No. 1003 be amended as follows:

Page 1, line 4, after the third semicolon insert "to provide for a legislative council study; to provide an exemption; to create and enact section 4 to House Bill No. 1023, as approved by the fifty-eighth legislative assembly, relating to capital projects of various state departments and to declare that Act an emergency;"

Page 1, line 19, replace "14,100,689" with "12,790,689"

Page 1, line 20, remove "and centers for excellence" and replace "7,000,000" with "4,750,000"

Page 1, after line 20, insert:
"Centers for excellence 1,550,000"

Page 1, line 21, replace "435,306" with "485,306"

Page 1, line 22, replace "4,479,337" with "4,472,850"

Page 1, line 24, replace "26,135,148" with "25,089,639"

Page 1, after line 24, insert:
"Operations pool 578,417"

Page 2, line 3, replace "4,430,215" with "2,930,215"

Page 2, line 8, replace "64,407,816" with "60,474,237"

Page 2, line 9, replace "5,355,507" with "3,855,507"

Page 2, line 10, replace "59,052,309" with "56,618,730"

Page 2, line 14, replace "15,493,038" with "16,112,327"

Page 2, line 15, replace "15,743,038" with "16,362,327"

Page 2, line 19, replace "4,963,824" with "5,032,682"

Page 2, line 20, replace "5,008,655" with "5,077,513"

Page 2, line 24, replace "5,319,181" with "5,387,371"

Page 2, line 25, replace "5,407,971" with "5,476,161"

Page 2, line 29, replace "84,584,943" with "84,558,126"

Page 2, remove lines 30 and 31

Page 3, line 1, replace "117,347,079" with "117,220,262"

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REPORT OF CONFERENCE COMMITTEE (420)
April 24, 2003 9:56 a.m.

Module No: SR-74-8313

Insert LC: 38003.0222

Page 3, line 3, replace "87,047,079" with "86,920,262"

Page 3, line 7, replace "66,875,983" with "67,576,959"

Page 3, line 8, replace "83,613,514" with "84,314,490"

Page 3, line 10, replace "68,613,514" with "69,314,490"

Page 3, line 14, replace "23,774,891" with "23,936,824"

Page 3, line 15, replace "28,217,311" with "28,379,244"

Page 3, line 17, replace "24,548,391" with "24,710,324"

Page 3, line 21, replace "13,590,878" with "13,598,831"

Page 3, line 22, replace "18,984,840" with "18,992,793"

Page 3, line 24, replace "13,984,840" with "13,992,793"

Page 3, line 27, replace "364,589" with "414,589"

Page 3, line 28, replace "8,349,835" with "8,602,335"

Page 3, remove line 29

Page 3, line 30, replace "8,764,424" with "9,016,924"

Page 4, line 2, replace "8,614,424" with "8,866,924"

Page 4, line 6, replace "25,554,142" with "25,769,578"

Page 4, line 7, replace "26,166,992" with "26,382,428"

Page 4, line 11, replace "11,144,078" with "11,304,672"

Page 4, line 12, replace "11,409,412" with "11,570,006"

Page 4, line 15, replace "112,663" with "209,663"

Page 4, line 16, replace "4,057,001" with "4,102,856"

Page 4, line 17, replace "4,169,664" with "4,312,519"

Page 4, line 21, replace "30,268,879" with "30,165,865"

Page 4, line 22, replace "30,268,879" with "30,165,865"

Page 4, line 26, replace "2,717,215" with "2,715,016"

Page 4, line 27, replace "2,863,276" with "2,861,077"

Page 4, line 29, replace "1,773,275" with "1,771,076"

Page 4, line 30, replace "361,808,443" with "361,541,418"

Page 5, line 1, replace "112,046,775" with "110,546,775"

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Page 5, line 2, replace "473,855,218" with "472,088,183"

Page 5, line 3, replace "$435,306" with "$485,306"

Page 5, line 8, replace "$14,100,689" with "$12,790,689"

Page 5, line 11, replace "and by the industrial commission to establish an escrow account as authorized in" with a period

Page 5, remove line 12

Page 5, line 13, replace "$26,135,148" with "$25,089,639"

Page 5, after line 20, insert:

"**SECTION 5. OPERATIONS POOL.** The sum of $578,417, or so much of the sum as may be necessary, included in the operations pool in item in subdivision 1 of section 1 of this Act, is to be allocated by the state board of higher education to the entities included in section 1."

Page 5, line 30, after the period insert "All additional funds received under the North Dakota-Minnesota reciprocity agreement during the biennium beginning July 1, 2003, and ending June 30, 2005, are appropriated to the state board of higher education for reimbursement to institutions under the control of the board and for student financial assistance grants. Twenty-two percent of the additional funds must be used for student financial assistance grants for students at private baccalaureate degree-granting institutions."

Page 6, line 24, remove the second "the"

Page 6, line 25, remove "purpose of repaying principal and interest on" and replace "loans from the Bank of North" with "costs"

Page 6, line 26, remove "Dakota, pursuant to section 54-16-13"

Page 7, line 12, after "center" insert "and athletic complex" and replace "$8,000,000" with "$21,000,000"

Page 7, remove line 13

Page 8, line 7, replace "- **LIMITATION IN**" with ". Of the total amount of evidences of indebtedness issued under the provisions of section 14 of this Act, a total of $250,000 must be available from non-general fund sources to assist in the retirement of the evidences of indebtedness issued for the project costs associated with the construction of the projects authorized by this Act:

Dickinson state university	$250,000

The Dickinson state university local responsibility must be paid during the 2005-07 biennium.

SECTION 16. BOND ISSUANCE ASSISTANCE. The North Dakota university system shall provide funding of $830,000 from the capital bond payments line item in subdivision 1 of chapter 28 of the 2001 Session Laws to the industrial commission for bond issuance buydown for projects authorized in section 14 of this Act."

Page 8, remove lines 8 through 15

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Page 8, line 18, replace "twenty" with "twenty-two"

Page 9, remove lines 11 and 12

Page 9, remove line 23

Page 9, line 24, replace "e." with "d."

Page 9, line 25, replace "f." with "e."

Page 9, line 26, replace "g." with "f."

Page 10, line 15, replace "$13,258,969" with "$14,258,969"

Page 10, line 21, remove "- **CENTERS FOR EXCELLENCE**"

Page 10, line 22, remove "and centers for excellence"

Page 10, line 23, replace "$5,000,000 for the competitive research program and $2,000,000" with "$100,000"

Page 10, line 24, replace "research efforts that focus on research that will have a positive impact on the" with "for establishment of a design center at the university of North Dakota. Federal and private matching funds totaling $300,000 must be leveraged by the North Dakota university system prior to June 30, 2004, or the funding is to be made available to other competitive research initiatives.

SECTION 21. CENTERS FOR EXCELLENCE. The centers for excellence line item in subdivision 1 of section 1 of this Act includes $1,150,000 for the John D. Odegard center for aerospace science - center of excellence in multimedia technology and $400,000 is for future centers for excellence. Of the $1,150,000, $206,000 is for the expanded air service enterprise - upper great plains air taxi service. Federal matching funding relating to the expanded air service enterprise - upper great plains air taxi service must be leveraged by the North Dakota university system before June 30, 2004, or the funding is to be made available for other centers for excellence. The funding for future centers for excellence is to be distributed by the state board of higher education. The funds provided in this section may not be used to supplant funding for current operations or academic instruction or to pay indirect costs.

SECTION 22. EDUCATION INCENTIVE PROGRAMS. The funding appropriated for education incentive programs may be allocated to education incentive programs as determined by the state board of higher education, including the reduction or elimination of specific programs, and the state board of higher education may determine the appropriate number of years of program eligibility for each education incentive program.

SECTION 23. TRANSFER AUTHORITY. If, during the biennium beginning July 1, 2003, and ending June 30, 2005, the state board of higher education determines that funds allocated to institution operations in section 1 of this Act are needed for capital projects or extraordinary repairs, the board may transfer funds from operations to capital assets. The board shall report any transfer of funds under this section to the office of management and budget.

SECTION 24. LEGISLATIVE COUNCIL STUDY - HIGHER EDUCATION. The legislative council shall consider continuing the study of higher education during the 2003-04 interim. If conducted, the study may include the use of the higher education roundtable format. The study should further refine the expectations of the North

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Dakota university system in meeting the state's needs in the twenty-first century, the funding methodology needed to meet those expectations and needs, and the accountability system and reporting methodology for the university system. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-ninth legislative assembly.

SECTION 25. CONSTRUCTION OF BASKETBALL ARENA - APPROVAL. The state board of higher education may approve amendments to terms of the agreement entered under chapter 159 of the 1999 Session Laws and may authorize the construction of a basketball arena on the site authorized under that legislation for the university of North Dakota to be financed with private funds.

SECTION 26. PURCHASE OF HOTEL - APPROVAL. The state board of higher education may authorize the university of North Dakota to purchase a hotel and land upon which the hotel is located within the city of Grand Forks for use as a student residence facility for a sum not to exceed $1,200,000, under terms approved by the board. The university of North Dakota may utilize available housing reserve funds for the purchase.

SECTION 27. MAYVILLE STATE UNIVERSITY - FIELDHOUSE RENOVATION AND ADDITION - REVENUE NOTE. The state board of higher education may, as an alternative to issuing revenue bonds to finance the Mayville state university fieldhouse renovation and addition authorized in section 13 of this Act, enter an agreement or agreements and do all things necessary to finance this improvement with a tax-exempt revenue note, under terms and conditions acceptable to the board. The proceeds of the revenue note must be used to pay all or part of the cost of construction, equipment, and furnishing of the Mayville state university fieldhouse, costs of issuance, interest, and any reasonable required reserve. The note may be issued based on the pledge of revenues generated by the fieldhouse, student fees, local sales tax revenues dedicated to the improvement, and assignment of capital campaign collections or other private funds. A revenue note authorized by this section may not constitute a direct obligation of the state or any agency or political subdivision of the state within the meaning of any statutory or constitutional provision. The principal and interest on the note must be payable solely from revenues generated by the fieldhouse, student fees, local sales tax revenues dedicated to the improvement, and assignment of capital campaign collections or other private funds.

SECTION 28. LEGISLATIVE INTENT - UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH SCIENCES. It is the intent of the fifty-eighth legislative assembly that funding of $395,000 included in the operations line item in subdivision 13 of section 1 of this Act is considered one-time funding and the funding is not to be included in the university of North Dakota school of medicine and health sciences base funding for determination of funding requests for the 2005-07 biennium.

SECTION 29. LEGISLATIVE INTENT - MAYVILLE STATE UNIVERSITY. It is the intent of the fifty-eighth legislative assembly that funding of $50,000 included in the capital assets line item in subdivision 9 of section 1 of this Act is for improvement of the sound system in old main.

SECTION 30. LEGISLATIVE INTENT - MINOT STATE UNIVERSITY - BOTTINEAU. It is the intent of the fifty-eighth legislative assembly that funding of $97,000 included in the capital assets line item in subdivision 12 of section 1 of this Act is for air conditioning-related extraordinary repairs.

SECTION 31. STUDENT INTERNSHIP PROGRAM - REPORT TO THE BUDGET SECTION. The state board of higher education shall study, during the

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2003-04 interim, the use of internships to attract students to high-growth occupations in the state and shall implement a student internship program by July 1, 2004. The board is encouraged to seek input from the department of commerce, job service North Dakota, the higher education roundtable, and the North Dakota student association, and the board may accept any public or private moneys to implement the program. The board shall provide a report on the program implemented to the first meeting of the budget section after July 1, 2004, and shall present a report to the fifty-ninth legislative assembly.

SECTION 32. EXEMPTION. The facility authorized in chapter 159 of the 1999 Session Laws is exempt from North Dakota Century Code section 5-02-05 for December 25, 2004."

Page 10, remove lines 25 and 26

Page 20, after line 21, insert:

"**SECTION 38.** Section 4 to House Bill No. 1023, as approved by the fifty-eighth legislative assembly, is created and enacted as follows:

SECTION 4. EMERGENCY. This Act is declared to be an emergency measure."

Page 20, line 23, remove the second "and" and after "14" insert ", 15, 16, and 38"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1003 - Summary of Conference Committee Action

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
University System office						
Total all funds	$467,577,358	$64,407,816	($3,933,579)	$60,474,237	$61,845,820	($1,371,583)
Less estimated income	115,498,722	5,355,507	(1,500,000)	3,855,507	3,855,507	
General fund	$352,078,636	$59,052,309	($2,433,579)	$56,618,730	$57,990,313	($1,371,583)
Bismarck State College						
Total all funds	$0	$17,528,038	$619,289	$18,147,327	$17,497,327	$650,000
Less estimated income		1,785,000		1,785,000	1,785,000	
General fund	$0	$15,743,038	$619,289	$16,362,327	$15,712,327	$650,000
Lake Region State College						
Total all funds	$0	$5,383,655	$68,858	$5,452,513	$5,377,513	$75,000
Less estimated income		375,000		375,000	375,000	
General fund	$0	$5,008,655	$68,858	$5,077,513	$5,002,513	$75,000
Williston State College						
Total all funds	$0	$5,407,971	$68,190	$5,476,161	$5,401,161	$75,000
Less estimated income						
General fund	$0	$5,407,971	$68,190	$5,476,161	$5,401,161	$75,000
University of North Dakota						
Total all funds	$0	$140,347,079	($126,817)	$140,220,262	$140,395,262	($175,000)
Less estimated income		53,300,000		53,300,000	53,300,000	
General fund	$0	$87,047,079	($126,817)	$86,920,262	$87,095,262	($175,000)
UND Medical Center						
Total all funds	$0	$30,268,879	($103,014)	$30,165,865	$29,990,865	$175,000
Less estimated income						
General fund	$0	$30,268,879	($103,014)	$30,165,865	$29,990,865	$175,000
North Dakota State University						
Total all funds	$0	$94,613,514	$700,976	$95,314,490	$94,564,490	$750,000
Less estimated income		26,000,000		26,000,000	26,000,000	

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General fund	$0	$68,613,514	$700,976	$69,314,490	$68,564,490	$750,000
State College of Science						
Total all funds	$0	$28,217,311	$161,933	$28,379,244	$28,179,244	$200,000
Less estimated income		3,668,920		3,668,920	3,668,920	
General fund	$0	$24,548,391	$161,933	$24,710,324	$24,510,324	$200,000
Dickinson State University						
Total all funds	$0	$24,666,887	$7,953	$24,674,840	$18,967,793	$5,907,047
Less estimated income		10,682,047		10,682,047	5,000,000	5,682,047
General fund	$0	$13,984,840	$7,953	$13,992,793	$13,967,793	$25,000
Mayville State University						
Total all funds	$0	$14,119,424	$252,500	$14,371,924	$12,841,924	$1,530,000
Less estimated income		5,505,000		5,505,000	4,150,000	1,355,000
General fund	$0	$8,614,424	$252,500	$8,866,924	$8,691,924	$175,000
Minot State University						
Total all funds	$0	$26,166,992	$215,436	$26,382,428	$26,132,428	$250,000
Less estimated income						
General fund	$0	$26,166,992	$215,436	$26,382,428	$26,132,428	$250,000
Valley City State University						
Total all funds	$0	$15,494,712	$160,594	$15,655,306	$14,870,006	$785,300
Less estimated income		4,085,300		4,085,300	3,300,000	785,300
General fund	$0	$11,409,412	$160,594	$11,570,006	$11,570,006	$0
Minot State University - Bottineau						
Total all funds	$0	$4,169,664	$142,855	$4,312,519	$4,262,519	$50,000
Less estimated income						
General fund	$0	$4,169,664	$142,855	$4,312,519	$4,262,519	$50,000
Forest Service						
Total all funds	$2,915,258	$2,863,276	($2,199)	$2,861,077	$2,861,077	$0
Less estimated income	1,090,001	1,090,001		1,090,001	1,090,001	
General fund	$1,825,257	$1,773,275	($2,199)	$1,771,076	$1,771,076	$0
Bill Total						
Total all funds	$470,492,616	$473,855,218	($1,767,025)	$472,088,193	$463,187,429	$8,900,764
Less estimated income	116,588,723	112,046,775	(1,500,000)	110,546,775	102,524,428	8,022,347
General fund	$353,903,893	$361,808,443	($267,025)	$361,541,418	$360,663,001	$878,417

House Bill No. 1003 - University System - General Fund Summary

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
University System office	$352,078,636	$59,052,309	($2,433,579)	$56,618,730	$57,990,313	($1,371,583)
Bismarck State College		15,743,038	619,289	16,362,327	15,712,327	650,000
Lake Region State College		5,008,655	68,858	5,077,513	5,002,513	75,000
Williston State College		5,407,971	68,190	5,476,161	5,401,161	75,000
University of North Dakota		87,047,079	(126,817)	86,920,262	87,095,262	(175,000)
UND Medical Center		30,268,879	(103,014)	30,165,865	29,990,865	175,000
North Dakota State University		68,613,514	700,976	69,314,490	68,564,490	750,000
State College of Science		24,548,391	161,933	24,710,324	24,510,324	200,000
Dickinson State University		13,984,840	7,953	13,992,793	13,967,793	25,000
Mayville State University		8,614,424	252,500	8,866,924	8,691,924	175,000
Minot State University		26,166,992	215,436	26,382,428	26,132,428	250,000
Valley City State University		11,409,412	160,594	11,570,006	11,570,006	
Minot State University - Bottineau		4,169,664	142,855	4,312,519	4,262,519	50,000
Forest Service	1,825,257	1,773,275	(2,199)	1,771,076	1,771,076	
Total general fund	$353,903,893	$361,808,443	($267,025)	$361,541,418	$360,663,001	$878,417

Detail of Conference Committee Changes to the General Fund

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE [1]	REDUCES FUNDING FOR INFORMATION TECHNOLOGY COSTS [2]	REMOVES FUNDING FOR CAPITAL ASSETS [3]	ADJUSTS FUNDING FOR COMPETITIVE RESEARCH PROGRAM AND CENTERS FOR EXCELLENCE [4]	RESTORES FUNDING FOR BOARD INITIATIVES [5]	ADJUSTS FUNDING FOR CAPITAL ASSETS [6]
University System office	($2,064)	($1,221,515)	($1,310,000)	($700,000)	$50,000	
Bismarck State College		(30,711)				
Lake Region State College		(6,142)				
Williston State College		(6,810)				
University of North Dakota		(101,817)			(50,000)	
UND Medical Center		(28,014)				
North Dakota State University		(49,024)				

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State College of Science		(38,067)				
Dickinson State University		(17,047)				
Mayville State University		(22,500)				
Minot State University		(34,564)				
Valley City State University		(39,406)				
Minot State University - Bottineau		(4,145)				$97,000
Forest Service	(1,961)	(238)				
Total general fund	($4,025)	($1,600,000)	($1,310,000)	($700,000)	$0	$97,000

	PROVIDES FUNDING FOR OPERATIONS POOL [7]	ALLOCATES FUNDING FROM OPERATIONS POOL [8]	ADJUSTS FUNDING FOR STUDENT GRANT PROGRAMS [9]	INCREASES FUNDING FOR CAMPUS OPERATIONS [10]	RESTORES FUNDING FOR CAMPUS OPERATIONS [11]	REMOVES FUNDING FOR MARKETING INITIATIVE [12]
University System office	$2,250,000	($1,500,000)				
Bismarck State College		650,000				
Lake Region State College		75,000				
Williston State College		75,000				
University of North Dakota					$75,000	($50,000)
UND Medical Center					(75,000)	
North Dakota State University				$750,000		
State College of Science		200,000				
Dickinson State University		25,000				
Mayville State University		175,000			100,000	
Minot State University		250,000				
Valley City State University					200,000	
Minot State University - Bottineau		50,000				
Forest Service						
Total general fund	$2,250,000	$	$0	$750,000	$300,000	($50,000)

	TOTAL GENERAL FUND CHANGES
University System office	($2,433,579)
Bismarck State College	619,289
Lake Region State College	68,858
Williston State College	68,190
University of North Dakota	(126,817)
UND Medical Center	(103,014)
North Dakota State University	700,976
State College of Science	161,933
Dickinson State University	7,953
Mayville State University	252,500
Minot State University	215,436
Valley City State University	160,594
Minot State University - Bottineau	142,855
Forest Service	(2,199)
Total general fund	($267,025)

House Bill No. 1003 - University System - Other Funds Summary

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
University System office	$115,498,722	$5,355,507	($1,500,000)	$3,855,507	$3,855,507	
Bismarck State College		1,785,000		1,785,000	1,785,000	
Lake Region State College		375,000		375,000	375,000	
Williston State College						
University of North Dakota		53,300,000		53,300,000	53,300,000	
UND Medical Center						
North Dakota State University		26,000,000		26,000,000	26,000,000	
State College of Science		3,668,920		3,668,920	3,668,920	
Dickinson State University		10,882,047		10,882,047	5,000,000	$5,882,047
Mayville State University		5,505,000		5,505,000	4,150,000	1,355,000
Minot State University						
Valley City State University		4,085,300		4,085,300	3,300,000	785,300
Minot State University - Bottineau						
Forest Service	1,090,001	1,090,001		1,090,001	1,090,001	
Total other funds	$116,588,723	$112,046,775	($1,500,000)	$110,546,775	$102,524,428	$8,022,347

Detail of Conference Committee Changes to Other Funds

ADJUSTS

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	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE 1	REDUCES FUNDING FOR INFORMATION TECHNOLOGY COSTS 2	REMOVES FUNDING FOR CAPITAL ASSETS 3	FUNDING FOR COMPETITIVE RESEARCH PROGRAM AND CENTERS FOR EXCELLENCE 4	RESTORES FUNDING FOR BOARD INITIATIVES 5	ADJUSTS FUNDING FOR CAPITAL ASSETS 6
University System office						
Bismarck State College						
Lake Region State College						
Williston State College						
University of North Dakota						
UND Medical Center						
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						
Total other funds	$0	$0	$0	$0	$0	$0

	PROVIDES FUNDING FOR OPERATIONS POOL 7	ALLOCATES FUNDING FROM OPERATIONS POOL 8	ADJUSTS FUNDING FOR STUDENT GRANT PROGRAMS 9	INCREASES FUNDING FOR CAMPUS OPERATIONS 10	RESTORES FUNDING FOR CAMPUS OPERATIONS 11	REMOVES FUNDING FOR MARKETING INITIATIVE 12
University System office			($1,500,000)			
Bismarck State College						
Lake Region State College						
Williston State College						
University of North Dakota						
UND Medical Center						
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						
Total other funds	$0	$0	($1,500,000)	$0	$0	$0

	TOTAL OTHER FUNDS CHANGES
University System office	($1,500,000)
Bismarck State College	
Lake Region State College	
Williston State College	
University of North Dakota	
UND Medical Center	
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	
Total other funds	($1,500,000)

House Bill No. 1003 - University System - All Funds Summary

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
University System office	$467,577,358	$64,407,816	($3,933,579)	$60,474,237	$61,845,820	($1,371,583)
Bismarck State College		17,526,038	619,289	18,147,327	17,497,327	650,000
Lake Region State College		5,383,655	68,858	5,452,513	5,377,513	75,000
Williston State College		5,407,971	68,190	5,476,161	5,401,161	75,000
University of North Dakota		140,347,079	(126,817)	140,220,262	140,395,262	(175,000)
UND Medical Center		30,268,879	(103,014)	30,165,865	29,990,865	175,000
North Dakota State University		94,613,514	700,976	95,314,490	94,564,490	750,000
State College of Science		28,217,311	161,933	28,379,244	28,179,244	200,000
Dickinson State University		24,866,887	7,953	24,874,840	18,967,793	5,907,047
Mayville State University		14,119,424	252,500	14,371,924	12,841,924	1,530,000

(2) DESK, (2) COMM

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Minot State University		26,166,992	215,436	26,382,428	26,132,428	250,000
Valley City State University		15,494,712	160,594	15,655,306	14,870,006	785,300
Minot State University - Bottineau		4,169,664	142,855	4,312,519	4,262,519	50,000
Forest Service	2,915,258	2,863,276	(2,199)	2,861,077	2,861,077	
Total all funds	$470,492,618	$473,855,218	($1,767,025)	$472,088,193	$463,187,429	$8,900,764
FTE	2,400.38	2,400.38	0.00	2,400.38	2,400.38	0.00

Detail of Conference Committee Changes to All Funds

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE [1]	REDUCES FUNDING FOR INFORMATION TECHNOLOGY COSTS [2]	REMOVES FUNDING FOR CAPITAL ASSETS [3]	ADJUSTS FUNDING FOR COMPETITIVE RESEARCH PROGRAM AND CENTERS FOR EXCELLENCE [4]	RESTORES FUNDING FOR BOARD INITIATIVES [5]	ADJUSTS FUNDING FOR CAPITAL ASSETS [6]
University System office	($2,064)	($1,221,515)	($1,310,000)	($700,000)	$50,000	
Bismarck State College		(30,711)				
Lake Region State College		(6,142)				
Williston State College		(6,810)				
University of North Dakota		(101,817)			(50,000)	
UND Medical Center		(26,014)				
North Dakota State University		(49,024)				
State College of Science		(38,067)				
Dickinson State University		(17,047)				
Mayville State University		(22,500)				
Minot State University		(34,564)				
Valley City State University		(39,406)				
Minot State University - Bottineau		(4,145)				$97,000
Forest Service	(1,961)	(236)				
Total all funds	($4,025)	($1,600,000)	($1,310,000)	($700,000)	$0	$97,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	PROVIDES FUNDING FOR OPERATIONS POOL [7]	ALLOCATES FUNDING FROM OPERATIONS POOL [8]	ADJUSTS FUNDING FOR STUDENT GRANT PROGRAMS [9]	INCREASES FUNDING FOR CAMPUS OPERATIONS [10]	RESTORES FUNDING FOR CAMPUS OPERATIONS [11]	REMOVES FUNDING FOR MARKETING INITIATIVE [12]
University System office	$2,250,000	($1,500,000)	($1,500,000)			
Bismarck State College		650,000				
Lake Region State College		75,000				
Williston State College		75,000				
University of North Dakota					$75,000	($50,000)
UND Medical Center					(75,000)	
North Dakota State University				$750,000		
State College of Science		200,000				
Dickinson State University		25,000				
Mayville State University		175,000			100,000	
Minot State University		250,000				
Valley City State University					200,000	
Minot State University - Bottineau		50,000				
Forest Service						
Total all funds	$2,250,000	$0	($1,500,000)	$750,000	$300,000	($50,000)
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	TOTAL ALL FUNDS CHANGES
University System office	($3,933,579)
Bismarck State College	619,289
Lake Region State College	68,858
Williston State College	68,190
University of North Dakota	(126,817)
UND Medical Center	(103,014)
North Dakota State University	700,976
State College of Science	161,933
Dickinson State University	7,953
Mayville State University	252,500
Minot State University	215,436
Valley City State University	160,594
Minot State University - Bottineau	142,855
Forest Service	(2,199)
Total all funds	($1,767,025)

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FTE 0.00

1 This amendment reduces funding for state employee health insurance premiums from $493 to $486.70 per month. This only affects the North Dakota University System office and the Forest Service. The executive budget recommendation included no funding for health insurance increases for higher education institutions.

2 This amendment reduces information technology funding from the general fund for the North Dakota University System office, higher education institutions, and the Forest Service by $1.6 million; however, the reductions are not limited to information technology.

3 This amendment retains the authorization provided by the House for the Industrial Commission to issue bonds totaling $8,022,347 for construction costs associated with the following projects:

Dickinson State University	Murphy Hall Phase I addition	$5,882,047
Valley City State University	Graichen Gymnasium elevator and emergency exits	$785,300
Mayville State University	Steamline replacement Phase II	$1,355,000

However, this amendment removes the escrow account established for the purpose of making the first four annual lease rental payments for the retirement of the bonds. Instead, the amendment provides that the North Dakota University System must provide funding of $630,000 from the system's 2001-03 appropriation for bond issuance buydown for the projects, and Dickinson State University must provide funding of $250,000 in the 2005-07 biennium to assist with bond repayment.

4 This amendment provides funding of $4,750,000 from the general fund for competitive research, a decrease in funding from the House version of $250,000 and an increase in funding from the Senate version of $650,000, and provides funding of $1,550,000 from the general fund for centers for excellence, a decrease in funding from the House version of $450,000 and a decrease in funding from the Senate version of $350,000. The amendment provides $100,000 of the funding for competitive research is for the establishment of a design center at the University of North Dakota. The amendment also provides $1,150,000 of the funding for centers for excellence is for the John D. Odegard Center for Aerospace - Center of Excellence in Multimedia Technology and $400,000 is to be allocated by the State Board of Higher Education for future centers for excellence. Of the funding for the John D. Odegard Center for Aerospace - Center of Excellence in Multimedia Technology, $206,000 is for an Expanded Air Service Enterprise - Upper Great Plains Air Taxi Service initiative.

5 This amendment restores funding of $50,000 from the general fund to the North Dakota University System office board initiatives line item and removes funding of $50,000 from the general fund allocated by the House to the University of North Dakota for the university's Nordic Initiative.

6 **Mayville State University** - This amendment transfers funding of $50,000 from a special line item as provided by the House for improvements in Old Main to the university's capital assets line item. The funding is intended for improvement of the sound system in Old Main.

Minot State University - Bottineau - This amendment provides capital assets funding of $97,000 from the general fund to Minot State University - Bottineau. The funding is intended for air conditioning-related extraordinary repairs.

7 This amendment establishes an operations pool to be allocated by the State Board of Higher Education to higher education institutions.

8 This amendment allocates funding from the operations pool to:

- Mayville State University ($175,000) for funding the second year of the salaries and wages and operations expenses for the president for the 2003-05 biennium.
- State College of Science ($200,000), Bismarck State College ($150,000), Williston State College ($75,000), Lake Region State College ($75,000) for career and technical education programs offered through the North Dakota University System in high-demand occupations and growth industries in North Dakota.
- Minot State University - Bottineau ($50,000) for operations-related expenses.
- Bismarck State College ($500,000) for matching $1 million of private and other funds for an energy and training technology center.
- Minot State University ($250,000) for the Center for Persons with Disabilities.
- Dickinson State University ($25,000) for the university's international student scholars program.

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9 This amendment removes the special funds spending authority of $1.5 million added by the House for the student financial assistance grants relating to potential payments that may be received under the North Dakota-Minnesota reciprocity agreement and modifies Section 6 of the bill to provide that the North Dakota University System office is appropriated all additional funds received under the North Dakota-Minnesota reciprocity agreement. Twenty-two percent of the additional funds received is to be student financial assistance grants for students at private baccalaureate degree-granting institutions.

10 This amendment provides funding of $750,000 to North Dakota State University for the Center for Genetic Research. The funding is to be used for public private research efforts related to biotechnology's ability to have a positive impact on the state's economy and gross state product.

11 This amendment restores funding of $75,000 from the general fund to the University of North Dakota from the University of North Dakota Medical School. This amendment also provides funding of $100,000 from the general fund to Mayville State University and $200,000 from the general fund to Valley City State University for costs associated with the institutions' high-tech laptop computer initiatives.

This amendment provides funding of $100,000 from the general fund to Mayville State University and $200,000 from the general fund to Valley City State University for costs associated with the institutions' high-tech computer initiatives.

12 This amendment removes funding of $50,000 from the general fund provided by the House to the University of North Dakota for a grant to the university's athletic department for a Canadian marketing initiative relating to the 2005 World Junior Hockey Tournament.

House Bill No. 1003 - Other Changes - Conference Committee Action

This amendment also:

- Amends Section 11 of the bill to clarify language regarding funding included from the water development trust fund for disaster-related costs.
- Amends Section 12 of the bill to combine special funds authorization for the University of North Dakota wellness center and athletic complex projects.
- Amends Section 15 of the bill relating to student financial assistance grants.
- Amends Section 16 of the bill to remove two new accountability measures added by the House.
- Amends Section 17 of the bill to increase the transfer from the student loan trust fund to the state general fund by $1 million, from $13,258,969 to $14,258,969.
- Adds a section to the bill relating to education incentive programs.
- Adds a section to the bill allowing the State Board of Higher Education to authorize the transfer of funds from a higher education institution's operations line item to the capital assets line item.
- Adds a section to the bill providing for a Legislative Council study relating to the continuation of the higher education study.
- Adds a section to the bill allowing the State Board of Higher Education to authorize the construction of a basketball arena for the University of North Dakota to be funded with private funds.
- Adds a section to the bill allowing the State Board of Higher Education to authorize the University of North Dakota to purchase for a sum of $1.2 million a hotel and land upon which the hotel is located for use as a student residence facility.
- Adds a section to the bill relating to the Mayville State University fieldhouse renovation project.
- Adds a section to the bill relating to funding for the University of North Dakota Medical School.

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9/30/03
Date

REPORT OF CONFERENCE COMMITTEE (420)
April 24, 2003 9:56 a.m.

Module No: SR-74-8313

Insert LC: 38003.0222

- Adds a section to the bill providing that the State Board of Higher Education should study the concept of using student internships to attract students to high-growth occupations in the state.

Engrossed HB 1003 was placed on the Seventh order of business on the calendar.

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2003 TESTIMONY

HB 1003

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Grapevine reports on total state effort for higher education, including tax appropriations for universities, colleges, community colleges, and state higher education agencies.

Updated state reports are included on our World Wide Web Site that feature current fiscal year and previous fiscal year state tax appropriations for operating expenses of higher education. Also included on the Web Site is a 50-state summary table showing state totals for the current year, the previous two years, a ten-year figure, and percentages of change over one, two, and ten years.

Updated state reports are entered on the Web Site as they are received during the period from March through October of the calendar year. After entering the state reports on our web site, we construct the following tables:

- state tax appropriations per capita
- state tax appropriations per $1,000 of personal income
- revenue capacity, willingness, and higher education effort
- state rankings on one, two, and ten-year percentage changes
- annual average five-year percentage changes in state tax appropriations
- state and local tax appropriations per capita and $1,000 of personal income.

For more information, please contact:

James C. Palmer, Editor Grapevine
Department of Educational Administration and Foundations
Illinois State University
Campus Box 5900
Normal, IL 61790-5900
FAX: (309) 438-8683
E-mail: jcpalmer@ilstu.edu
Telephone: (309) 438-2041
WWW http://www.coe.ilstu.edu/grapevine/

What the Figures are Intended to Mean

Listed below are specific instructions sent to each state for the purpose of clarifying data collection and reporting. Different practices among the 50 states make it impossible to eliminate all inconsistencies and to ensure absolute comparability among states and institutions. We emphasize that comparisons are useful only if the data are correctly interpreted.

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1. Report only appropriations, not actual expenditures.

2. Report only sums appropriated for annual operating expenses.

3. For state tax appropriations in complex universities, set out separately the sums appropriated for (or allocated to) the main campuses, branch campuses and medical centers (even if on the main campus). The medical center item should include operation of colleges of medicine, dentistry, pharmacy and nursing, and teaching hospitals, either lumped as one sum or set out separately as preferred.

4. Include:

   Sums appropriated for state aid to local public community colleges and for operation of state-supported community colleges, and for vocational-technical two-year colleges or institutes that are predominantly for high school graduates and adult students.

   Sums appropriated to statewide coordinating boards or governing boards, either for board expenses or for allocation by the board to other institutions or both.

   Sums appropriated for state scholarships or other student financial aid.

   Sums destined for higher education but appropriated to some other state agency. Examples: funds intended for faculty fringe benefits may be appropriated to the state treasurer and disbursed by that office; certain funds for medical and health education may be appropriated to the state department of health and disbursed from that department. Sometimes these sums have to be estimated because the exact amount disbursed cannot be known until after the end of the fiscal period.

   Appropriations directed to private institutions of higher education at all levels.

5. Exclude:

   Appropriations for capital outlays and debt service.

   Appropriations of sums derived from federal sources, student fees, auxiliary enterprises and other non-tax sources.

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Grapevine

Information

50 State Summary

Individual State Reports

Tables (additional links to tables)

Historical Data

Links to other sites

EAF Homepage

Center for the Study of ...tional Policy

College of Education

Illinois State University



Tables (additional links to tables)

1. 1-yr percentage changes in appropriations, FY02-03

2. 2-yr percentage changes in appropriations, FY01-03

3. State rankings on 1,2, and 10-yr state appropriations changes

4. Annual average 5-yr percentage changes, 1997-98 through 2002-03

5. Rankings on state tax funds per capita + $1000 of personal income

6. Changes in appropriations and percentages for megastates, FY02-03

7. Revenue capacity, willingness, & h ed effort

8. Local tax fund appropriations for operating expenses of h ed

9. State and local appropriations for operating expenses of h ed

10. Rankings on state and local tax funds for higher ed operating expenses

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Table 5

Rankings of States on Appropriations of State Tax Funds for Operating Expenses of Higher Education per $1,000 Personal Income and per Capita, FY 2002.

State	Appropriations ($1000s)	Per $1,000 Income		Per Capita	
		$	Rank	$	Rank
Alabama	1,116,129	10.29	13	250.03	16
Alaska	204,837	10.55	10	322.69	3
Arizona	949,926	7.04	33	178.99	41
Arkansas	653,386	10.64	9	242.71	17
California	9,468,062	8.23	22	274.43	11
Colorado	783,421	5.31	45	177.32	42
Connecticut	761,942	5.18	46	222.46	27
Delaware	189,228	7.43	26	237.72	21
Florida	2,822,083	6.00	40	172.11	43
Georgia	1,699,438	7.09	30	202.70	34
Hawaii	349,159	9.95	14	285.26	7
Idaho	330,776	10.32	12	250.40	15
Illinois	2,922,599	7.06	32	234.15	22
Indiana	1,321,191	7.80	23	216.06	31
Iowa	830,226	10.42	11	284.03	8
Kansas	715,585	9.28	18	265.52	14
Kentucky	1,084,605	10.65	8	266.75	13
Louisiana	997,813	9.34	17	223.47	26
Maine	239,892	7.00	35	186.40	40
Maryland	1,297,406	6.88	37	241.38	18
Massachusetts	1,009,921	3.99	49	158.32	48
Michigan	2,273,532	7.65	24	227.56	25
Minnesota	1,382,576	8.36	20	278.07	10
Mississippi	805,964	13.10	2	282.00	9
Missouri	1,049,504	6.60	39	186.41	39
Montana	149,738	7.03	34	165.64	44
Nebraska	525,220	10.84	6	306.61	5
Nevada	346,845	5.48	42	164.69	47
New Hampshire	107,608	2.49	50	85.47	50
New Jersey	1,794,946	5.52	41	211.57	32
New Mexico	611,173	14.46	1	334.16	2
New York	3,574,159	5.14	47	188.00	36

http://www.coe.ilstu.edu/grapevine/table5.html

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North Carolina	2,442,690	10.74	7	298.40	6
North Dakota	201,497	12.11	3	317.82	4
[illegible]	2,205,481	6.74	38	193.91	35
[illegible]oma	824,891	9.69	15	238.41	19
Oregon	714,837	7.22	29	205.83	33
Pennsylvania	2,035,092	5.35	44	165.63	45
Rhode Island	174,939	5.43	43	165.19	46
South Carolina	896,773	8.87	19	220.72	29
South Dakota	141,973	7.07	31	187.55	37
Tennessee	1,073,136	6.93	36	186.96	38
Texas	5,074,633	8.26	21	237.97	20
Utah	608,644	11.07	5	268.13	12
Vermont	73,195	4.21	48	119.40	49
Virginia	1,681,646	7.25	28	233.95	23
Washington	1,373,895	7.35	27	229.44	24
West Virginia	392,051	9.58	16	217.56	30
Wisconsin	1,192,913	7.58	25	220.83	28
Wyoming	169,929	12.00	4	343.99	1
Total	**63,647,105**				
Median		**7.50**		**225.52**	

Sources:

[illegible] Grapevine Survey

U.S. Dept of Commerce, Bureau of Economic Analysis , State Personal Income: Second Quarter 2001

U.S. Census Bureau, Time Series of State Population Estimates, July1, 2001 Estimate

Revised January 10, 2002

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Prepared by the North Dakota Legislative Council
staff for House Appropriations
January 7, 2003

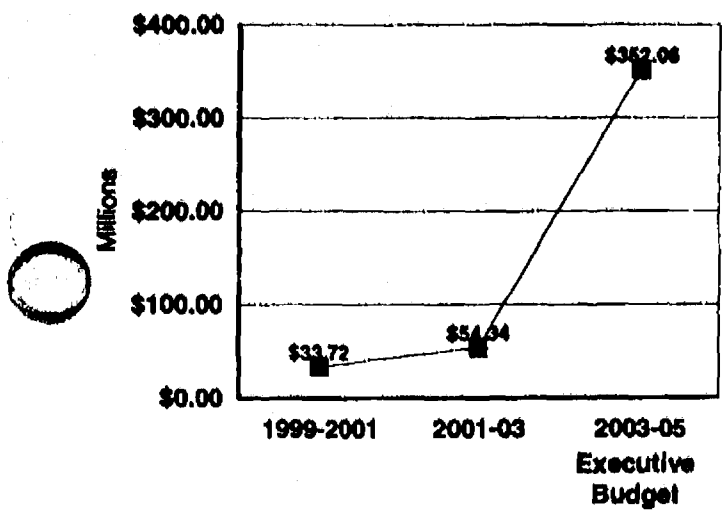
Department 215 - North Dakota University System Office
House Bill No. 1003

	FTE Positions	General Fund	Other Funds	Total
2003-05 Executive Budget	2,382.41	$352,078,636	$118,527,913	$470,606,549
2001-03 Legislative Appropriations	20.00	54,344,838[1]	3,716,822	58,061,660[2]
Increase (Decrease)	2,362.41	$297,733,798	$114,811,091	$412,544,889

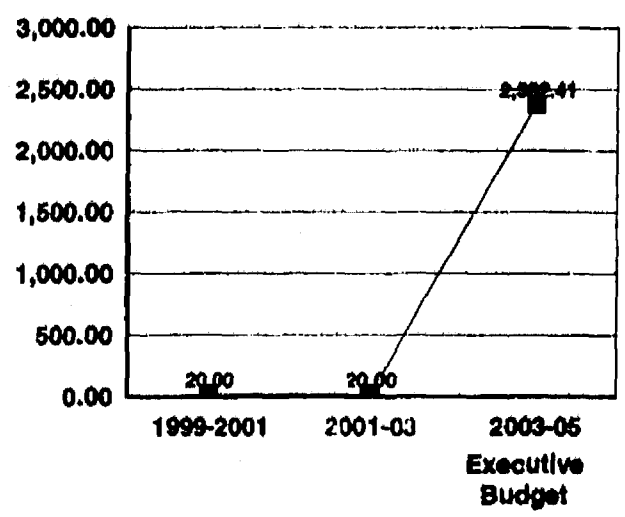
[1] The 2001-03 general fund appropriation is the amount appropriated by the 2001 Legislative Assembly and does not include a reduction of $275,211 relating to the 1.05 percent budget allotment ordered by Governor Hoeven in July 2002.

[2] The 2001-03 appropriation amounts reflect general fund allocations of $3,703,000 from the equity and special needs funding pool, $298,000 from the board initiatives funding, and $100,000 from the contingency and capital improvement funding. The 2001-03 appropriation amounts do not reflect general fund allocations of $925,824 from the equity and special needs funding pool, $26,938,419 from the technology funding pool, $170,000 from the board initiatives funding, and $125,000 from the contingency and capital improvement funding considered to be one-time funding for the 2001-03 biennium.

Agency Funding - General Fund



FTE Positions



Executive Budget Highlights

	General Fund	Other Funds	Total
1. Consolidates funding for the **University System office** from 16 line items to nine--system governance, Title II, student grant programs, contingency and capital emergency, competitive research, board initiatives, system initiatives, technology pool, and capital assets			
2. Consolidates funding for the **higher education institutions** into two line items in the University System budget--campus operations and capital assets			
3. Increases the number of **FTE positions** for the University System office from 20 to 2,382.41 to account for the number of higher education institution FTE positions supported by the general fund			
4. Increases funding for the **Title II** line item from $534,000 to $695,600	$161,600	$161,600	
5. Provides the following changes relating to the **student grant programs** line item, which includes funding for the student financial assistance grant program, professional student exchange program, scholars program, Native American scholarship program, and education incentive programs:			

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a. Adjusts funding for the student financial assistance grant program from $4,223,031 to $2,930,215 to properly account for carryover from the 1999-2001 biennium and an anticipated decrease in revenue received from the Minnesota reciprocity agreement	$59,334	($1,352,150)	($1,292,816)
b. Adjusts funding for the professional student exchange program from $1,560,716 to $1,678,300 to properly account for carryover from the 1999-2001 biennium	$117,584		$117,584
c. Adjusts funding for the scholars program from $770,730 to $816,368 to properly account for carryover from the 1999-2001 biennium	$45,638		$45,638
d. Adjusts funding for the Native American scholarship program from $204,082 to $204,086 to properly account for carryover from the 1999-2001 biennium	$4		$4
e. Provides funding from the student loan trust fund for the establishment of a student internship program to support internships for students entering growth industries that have critical shortages of available employees		$2,000,000	$2,000,000
f. Changes the funding source for the student grant programs from primarily the general fund to primarily the student loan trust fund	($6,258,969)	$6,258,969	$0
Total	($6,036,409)	$6,906,819	$870,410
6. Consolidates funding for disabled student services ($51,560) and equity and special needs ($925,824) into the **contingency and capital emergency line item** and provides the following changes:			
a. Decreases funding from the general fund	($925,000)		($925,000)
b. Provides funding from the water development trust fund for North Dakota State University and University of North Dakota repayment of loans from the Bank of North Dakota for disaster-related payments		$1,456,074	$1,456,074
Total	($925,000)	$1,456,074	$531,074
7. Changes the funding source for **competitive research** from the general fund to funds from the student loan trust fund	($4,000,000)	$4,000,000	$0
8. Increases funding for University System **board initiatives** by $100,819, from the 2001-03 biennium adjusted appropriation of $434,487 to $535,306, to property account for carryover from the 1999-2001 biennium. The funding is to support University System and statewide goals linked to the State Board of Higher Education's strategic plan and the Higher Education Roundtable.	$100,819		$100,819
9. Provides funding from the student loan trust fund for **system initiatives**, including the establishing of Centers for Excellence within the North Dakota University System		$5,000,000	$5,000,000
10. Consolidates funding for information technology management ($216,676) into the **technology pool** and provides the following changes:			$0
a. Adjusts funding to reflect funding received from North Dakota State University and the University of North Dakota	$427,756		$427,756
b. Removes one-time funding provided in the 2001-03 biennium for kindergarten through grade 12 technology items	($1,640,746)		($1,640,746)
c. Adjusts funding for salary and health insurance increases	($3,968)		($3,968)
Total	($1,216,958)		($1,216,958)
11. Provides funding for the operations of all higher education institutions in one line item--**campus operations**	$299,415,187		$299,415,187
12. Provides funding for capital bond payments, campus extraordinary repairs, campus energy projects, and major capital projects in one line item--**capital assets**. (see Capital Assets section for additional information)	$10,080,502	$97,286,598	$107,367,100

Student Grant Programs

The executive budget recommends consolidating funding for the student financial assistance grant program, the professional student exchange program, the scholars program, the Native American scholarship program, and education incentive programs into one line item--student grant programs. In addition, the executive budget recommends providing additional funding of $2 million for an

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internship program and changing the funding source for the programs from primarily the general fund to primarily the student loan trust fund. The funding for student grant programs is summarized as follows:

	2001-03 Legislative Appropriation	2003-05 Executive Budget Recommendation	Increase (Decrease)
Student financial assistance grant program	$4,223,031		($4,223,031)
Professional student exchange program	1,560,716		(1,560,716)
Scholars program	770,730		(770,730)
Native American scholarship program	204,082		(204,082)
Education incentive programs	830,000		(830,000)
Student grant programs		$8,458,969[1]	8,458,969
Total	$7,588,559	$8,458,969	$870,410
General fund	$6,036,409		($6,036,409)
Federal funds	214,000	$200,000	(14,000)
Other funds - Minnesota reciprocity	1,338,150		(1,338,150)
Other funds - Student loan trust fund		8,258,969	8,258,969
Total	$7,588,559	$8,458,969	$870,410

[1] The student grant programs line item consists of funding for programs as follows:

	Federal Funds	Student Loan Trust Fund	Total
Student financial assistance grant program	$200,000	$2,730,215	$2,930,215
Professional student exchange		1,678,300	1,678,300
Scholars program		816,368	816,368
Native American scholarship program		204,086	204,086
Education incentive programs		830,000	830,000
Internship program		2,000,000	2,000,000
Total	$200,000	$8,258,969	$8,458,969

Capital Assets

The executive budget provides funding of $120,097,941 for capital assets, including $12,790,689 for capital construction lease payments, $6,932,186 for campus extraordinary repairs, $3,134,517 for campus energy projects, and $97,240,549 for major capital projects. The funding for capital assets is summarized as follows:

	General Fund	Special Funds	Bonding	Total
Capital construction lease payments	$11,448,189	$1,342,500		$12,790,689
Campus extraordinary repairs	6,932,186			6,932,186
Campus energy projects			$3,134,517	3,134,517[1]
Major capital projects	2,961,629	82,903,920	11,375,000	97,240,549[2]
Total	$21,342,004	$84,246,420	$14,509,517	$120,097,941

[1] The executive budget recommendation includes funding of $3,134,517 from bonding proceeds for energy improvement projects at North Dakota State University ($1,077,977) and the University of North Dakota ($1,951,214). The executive budget recommendation inadvertently included funding of $105,326 for an energy improvement project at the Department of Corrections and Rehabilitation; therefore, the capital assets line item has been inadvertently overstated by $105,326.

[2] The executive budget recommendation includes funding of $97,240,549 for major capital projects, which is summarized as follows:

	General Fund	Special Funds	Bonding
Major capital projects pool to be allocated by the State Board of Higher Education	$2,961,629		
Bismarck State College - Student apartments		$1,785,000	
Lake Region State College - North Hall resident hall renovation			$375,000
University of North Dakota - Neuroscience research Phase II		$17,000,000	
University of North Dakota - Carnegie Library renovation		$3,300,000	
University of North Dakota - Native American center		$3,500,000	
University of North Dakota - Squires Dining Center remodeling		$1,500,000	
University of North Dakota - Athletic complex		$13,000,000	
University of North Dakota - Airline security building		$5,000,000	
University of North Dakota - Airport hangar		$2,000,000	
University of North Dakota - Wellness Center		$8,000,000	
State College of Science - Student Union remodeling and addition		$3,300,000	
State College of Science - Blikre Activities Center		$368,920	
Dickinson State University - Whitney Stadium renovation and addition		$5,000,000	
Mayville State University - Fieldhouse renovation and addition		$4,000,000	
Mayville State University - East Hall remodeling		$150,000	
North Dakota State University - Bison Sports Arena renovation		$15,000,000	
North Dakota State University - Bison Court apartment replacement			$11,000,000

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Major Related Legislation

House Bill No. 1003 - Campus operations - Section 4 of House Bill No. 1003 provides that the State Board of Higher Education is to allocate the funding for the operation of higher education institutions based on the board's long-term financing plan, institutions' costs to continue current operations, major new expenditures, other available funding sources, and other related criteria and is to provide each higher education institution at least 95 percent of its 2001-03 general fund appropriation for operations.

House Bill No. 1003 - Capital assets - Section 6 of House Bill No. 1003 provides that the State Board of Higher Education is to allocate the funding for campus extraordinary repairs to provide each higher education institution with at least 95 percent of its 2001-03 general fund capital assets appropriation for extraordinary repairs. The balance of funding is to be allocated based on historical funding, the condition of physical plant facilities, campus needs as reflected in the campus master plans, and the board's long-term finance plan for capital assets. The section also provides that any major capital project funded from the capital assets line item must be a stand-alone project that will not require future general fund appropriations to complete in order to be functional.

House Bill No. 1003 - Technology pool - Section 7 of House Bill No. 1003 provides that the State Board of Higher Education is to allocate the technology pool funding for support of the Higher Education Computer Network, the Interactive Video Network, the On-Line Dakota Information Network, and other technology initiatives based on historic funding and the North Dakota University System information technology plan.

House Bill No. 1003 - Transfer authority - Section 13 of House Bill No. 1003 provides that if the State Board of Higher Education determines that money allocated to campus operations are needed to address capital projects or extraordinary report needs, the funds may be transferred from campus operations to capital assets. Any such transfer of funds must be reported to the Office of Management and Budget.

House Bill No. 1003 - Bonding issuance authorization - Section 17 of House Bill No. 1003 allows the State Board of Higher Education to arrange for the issuance of revenue bonds for the Lake Region State College North Hall residence hall renovation and the North Dakota State University Bison Court construction.

House Bill No. 1039 - Special funds continuing appropriation - This bill provides for the continuation of the continuing appropriation of higher education institutions' special revenue funds, including tuition.

House Bill No. 1040 - Unspent general fund appropriations - This bill provides for the continuation of the University System's authority to carry over at the end of the biennium unspent general fund appropriations.

House Bill No. 1041 - Budget request and appropriation - This bill continues the requirement that the budget request for the University System 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. The bill also continues the requirement that the appropriation for the University System include block grants for a base funding appropriation and for an initiative funding appropriation and an appropriation for asset funding.

House Bill No. 1042 - Performance and accountability report - This bill requires the University System performance and accountability report to include an executive summary and specific information regarding education excellence, economic development, student access, student affordability, and financial operations.

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NORTH DAKOTA
UNIVERSITY SYSTEM

The Vital Link to a Brighter Future

Resource Guide

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2003 Legislative Session

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North Dakota University System

Creating a University System for the 21st Century

2nd Annual Accountability Measures Report

December 2002

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NORTH DAKOTA UNIVERSITY SYSTEM

The Vital Link to a Brighter Future

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Exhibit # 2
first day

North Dakota
University System

Creating a University System for the 21st Century

Strategic Plan

State Board of Higher Education

November 2002

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NORTH DAKOTA
SYSTEM OF HIGHER EDUCATION

The Vital Link to a Brighter Future

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HOUSE APPROPRIATIONS COMMITTEE

TESTIMONY PROVIDED BY:

CHUCK STROUP, PRESIDENT, STATE BOARD OF HIGHER EDUCATION

JANUARY 8, 2003

Good morning, Mr. Chairman and members of the House Appropriations Committee. My name is Chuck Stroup, and I'm president of the State Board of Higher Education. I'm proud to serve on the board with eight other people who are dedicated to creating a brighter future for our students and our state.

At this time, I'd like the board members who are present to stand when I call your name:

- Richard Kunkel, vice president, Devils Lake
- Sue Andrews, Mapleton
- Josh Askvig, student member, Dickinson State University
- Bruce Christianson, Minot
- Bev Clayburgh, Grand Forks
- Ralph Kingsbury, Grafton
- Pam Kostelecky, Dickinson
- Jim Grijalva, non-voting faculty advisor

Mr. Chairman and members of the committee, I'm pleased to stand before you today and proclaim that the State Board of Higher Education and the North Dakota University System are working diligently to meet the expectations of the Roundtable on Higher Education as reflected in Senate Bill 2003 passed in the 2001 legislative session. We ask for your continued support as we move forward in helping to reverse the state's economic and demographic trends.

And while I'm acknowledging those who have contributed to this new vision for the University System, I'd like to recognize members of the Roundtable on Higher Education who are present here today. [Name members on the committee and in the audience.]

As many of you know, members of the Roundtable on Higher Education recognized the importance of creating a new relationship between the University System and the state. The *Roundtable Report* said this relationship must be based upon mutual trust and common purpose.

The *Roundtable Report* and SB 2003 both established the importance of flexibility with accountability for the University System. The *Roundtable Report* said there is a mutual dependency between the NDUS and the state. It said the state absolutely needs a strong

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university system contributing to solutions to the state's challenges; but at the same time the NDUS needs resources which can come only from an expanding economic and population base. The *Roundtable Report* said it was agreed that old solutions—such as closing campuses and redirecting current state resources from one campus to another—are not adequate to the task. It said the state and the NDUS must grow together—not contribute to each other's decline. The State Board of Higher Education agrees with these statements.

The report went on to say that the NDUS must have freedom of action to pursue the agreed-upon agenda, but it also must be accountable for both resources and results obtained. In pursing the roundtable goals, the report said the University System must behave (and be allowed and expected to behave) in a much more entrepreneurial manner. It said the expectation is the institutions will be much more aggressive in the pursuit of additional funds, will have considerable discretion in the utilization of these resources and will have the incentive to pursue new ventures and benefit directly from those that are successful. Campuses must be allowed to move quickly to be entrepreneurial and able to respond to create new public and private partnerships that you will hear more about in the coming days.

As you will hear from our speakers today and throughout the legislative session, tremendous things are happening throughout the University System as a result of this flexibility you provided. In regard to accountability, I believe you will agree that the second annual *Accountability Measures Report* provides solid proof the board and the system are committed to living up to your accountability expectations. You'll hear more about this report in a presentation later this morning. We commend the legislature for the accountability measures it adopted in 2001. They are measures which are meaningful to the university system as well as the legislature. We hope you will continue to look for opportunities to examine and discontinue reporting not required by the accountability measures

My comments today will cover three topics: (1) board and system actions aligned with SB 2003 and the Roundtable on Higher Education (2) the direction of the State Board of Higher Education and (3) legislative priorities of the board and the University System.

I hope you will take a few minutes to look at the back section of the *Accountability Measures Report* to see a comprehensive list of significant actions taken by the State Board of Higher Education and the University System since the 2001 legislative session. But, right now, I'll provide you a short list of what has been accomplished:

In 2001 and 2002, the State Board of Higher Education (SBHE):

- Developed a new North Dakota University System (NDUS) strategic plan based on roundtable recommendations

- Adopted new NDUS mission and vision statement that reflect the University System's continued emphasis on high quality education, as well as its responsibility for enhancing the economy of North Dakota

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- Focused the SBHE objectives and work plan on recommendations outlined in the *Roundtable Report*

- Required campus alignment plans to be consistent with the six roundtable cornerstones and received follow-up reports which describe what the campuses are doing, and intend to do, to implement the recommendations included in the six cornerstones of the *Roundtable Report*

- Approved a long-term financing plan and resource allocation model as recommended in the *Roundtable Report*

- Published the first and second annual financial and non-financial accountability measures report as required by SB 2003

- Responded to rapidly changing educational needs by taking action on 210 requests to eliminate existing programs, offer new programs and provide programs via distance education

- Revised the criteria for approving new programs with the expectation that new programs will contribute to meeting the expectations of one or more cornerstones developed by members of the roundtable

- Developed an NDUS enrollment management/service plan

- Adopted a new enrollment-reporting model to provide more comprehensive enrollment information

- Hosted the first NDUS Arts and Humanities Summit

- Hosted the first and second annual research and development summits as a cooperative effort with the North Dakota Department of Commerce

- Sought input on strengthening relationships and increasing collaboration with business and community leaders around the state in conjunction with SBHE meetings

- Completed the start-up phase of the workforce training legislation

- Increased educational access by:
  - Providing campuses broad discretion to grant tuition waivers and additional tuition pricing flexibility
  - Joining the Midwest Higher Education Commission (MHEC) student exchange program

- Received North Central Accreditation approval of the North Dakota University System Online (NDUSO), a system-wide collaboration to deliver online programs

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- Provided increased flexibility by:
  - Revising the University System policy manual to eliminate or streamline policies delegating operational responsibilities to the chancellor and/or presidents
  - Implementing a broadband employee classification system

- Began system-wide implementation of *ConnectND*, a comprehensive financial, human and student resource management software system

- Allocated Campus Initiative Funds from the 2001 – 03 Equity and Special Needs Block Grant appropriation.

- Launched *Project Vital Link*, a mail campaign aimed at attracting more North Dakota high school students to NDUS colleges and universities

- Approved *Success II*, a plan to better position Mayville State University and Valley City State University for the future, including elimination of the shared presidency

- Directed the development of a draft plan for a Red River Valley Research Corridor

- Initiated the development of an NDUS expertise resource inventory

As I mentioned, the *Accountability Measures Report* also includes a campus-by-campus list of 2001 and 2002 accomplishments. I encourage you to read it, and I believe you will see that the University System not only "got the message," – regarding helping create a brighter future for the state – but the campuses also have embraced this new role and are moving rapidly to meet your expectations.

I mentioned earlier that the State Board of Higher Education has adopted new mission and vision statements for the University System. I'd like to share them with you now.

> *The mission of the North Dakota University System is to enhance the quality of life of all those we serve and the economic and social vitality of North Dakota through the discovery, sharing and application of knowledge.* You will note that the new mission statement is directly linked to the goal developed by the roundtable – "to enhance the economic vitality of North Dakota and the quality of life of its citizens."
>
> The vision of the North Dakota University System is to be *the vital link to a brighter future.* The vision statement also expresses the commitment of the university system to creating a brighter future for our students and the state.

So that we may function cohesively, effectively and with mutual understanding of our role, the board has adopted the following belief statements:

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- We believe the most valuable asset of any state is its human capital; well-educated and highly skilled citizens, employees, business owners, community leaders, and contributing members of society.

- We believe a brighter future for North Dakota is directly linked to and dependent upon its University System. Likewise, a brighter future for the University System is linked to the economy of North Dakota.

- We believe the University System, in conjunction with the elected and private sector leadership in North Dakota can and should take positive steps to enhance the economy of North Dakota.

- We believe depopulation is a major threat to the overall viability of North Dakota and if not addressed, with urgency, the infrastructure, quality of life, and services available to the citizens of the state will diminish.

- We believe the faculty are the foundation of the North Dakota University System.

- We believe performance of the University System will be enhanced in an environment which is conducive to innovation, creativity, and flexibility – coupled with appropriate accountability.

- We believe in the implementation of education programs and curriculums to meet the needs of a culturally diverse student population and to prepare students to interact in an increasing pluralistic society.

- We believe the citizens and the legislature created and expect the University System to function as a system; i.e., to collaborate, whenever appropriate and feasible, in offering programs, serving students and citizens, and in providing administrative services.

- We believe the benefits of the University System can and should be available to all of North Dakota, geographically and demographically.

- We believe it is important for all the key stakeholders of the University System to adopt and apply the same set of expectations and accountability measures which were identified and agreed to by the 1999 Roundtable on Higher Education.

- We believe it is possible to create a University System for the 21st century, as envisioned by the 1999 Roundtable on Higher Education and further believe making it a reality will require all entities to do their part as described in the Report of the Roundtable.

In addition to our belief statements, the board has adopted core values, which are reflected in how we – as board members – and all personnel of the University System carry out responsibilities on a daily basis. These core values are:

- High integrity
- Open, honest, forthright and mutually respectful in discussion and actions

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- Trustworthy
- Accountable
- Cooperative valued partner with other state agencies and entities
- Responsible stewards of state investment in the University System
- Scholarship and the pursuit of excellence in the discovery, sharing, and application of knowledge
- Support and embrace diversity

Another piece of the board's guiding principles is a list of "givens" developed at our professional development meeting in October of this year. These "givens" focus on increasing efficiency and effectiveness of the board. There are six of them, and they are:

- The University System is in the business of educating — to prepare students to be personally and professionally successful,

- The expectations of the roundtable — that the University System, collectively, can and will play a major role in enhancing the economic and social vitality of North Dakota,

- The success of the University System — in total and by individual campuses within the University System — is directly linked to and dependent upon the economic success of the state and visa versa,

- It is the desire, intent and expectation of the legislature, the roundtable and the board to have a "unified system" of higher education in North Dakota which functions as a system and not as a collection of campuses,

- The major pieces are all in place — the existence and effectiveness of the roundtable; consensus on the vision, cornerstones and expectations; long-term finance plan; agreed-upon accountability measures and enrollment plan. The focus now is on performance — the people component and maximizing the potential of the University System in the state,

- The University System is driven by shared values, beliefs and policies in which the campuses, the system office and the board operate.

I hope I have provided strong proof of the board and system's commitment to the goals and expectations of the Roundtable on Higher Education and SB 2003. Now I'd like to talk to you about our legislative priorities. During the 2003 legislative session, we seek your support in the following three key areas:

- Retaining "flexibility with accountability" by re-enacting the 2001 legislation as permanent law (House bills 1039, 1040, 1041, 1042). Specifically, these bills continue:
  - Flexibility in the amount and use of tuition and all other revenues received by the campuses
  - Carryover of unspent general fund appropriations from one biennium to the next
  - Streamlined appropriations through block grants

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- Retaining and adhering to the agreed-upon set of fiscal and performance accountability measures

- The state constitution requires the board to submit a needs-based budget that the board believes is for the best interests of the system. The needs-based budget request approved by the board does this. We ask for your support of the board's needs-based budget request, which is consistent with the long-term finance plan. The needs-based budget request will enable the University System to continue being an engine for economic growth. This growth will result from implementation of high-priority action items recommended in the six cornerstones of the *Roundtable Report*.

- Maintaining at least 21 percent of the state general fund budget for higher education. HB1003 is at 21 percent including the Student Loan Trust Fund monies. If the legislature is unable to fund the needs-based budget, the SBHE recommends maintaining at least the current 21 percent of the state general fund for the NDUS.

At our December 2002 meeting, the board approved a short list of budget priorities, taking into consideration Gov. Hoeven's budget plan. These priorities include the following:

- Support the 2003 – 05 executive budget recommendation for the NDUS (at a minimum)

- Support flexibility with accountability legislation introduced by the Interim Higher Education Committee (House bills 1039, 1040, 1041, 1042)

- Support block grant/pooled appropriations to the SBHE for allocation to the campuses and programs; pooled campus operations funding would be allocated by the SBHE based on the SBHE's Long-Term Finance Plan

The SBHE also approved a list of top priorities for legislative consideration if additional resources become available. You will hear more about these priorities in a later presentation. However, let me emphasize that additional state funding for the board's need-based budget is critical to supporting faculty and staff salary increases, increased health insurance premiums and inflation. North Dakota's ranking for faculty salaries continues to be near the bottom even though campuses have made great efforts during the past two years. We are committed to moving this ranking upward. Faculty salaries in higher education also are important to the state as are salaries at all levels of education.

In conclusion, let me come full circle—back to the *Roundtable Report*. Roundtable members refused to accept the notion that public policy should be focused on turning out the lights. Instead they looked at their task as future-oriented because North Dakotans deserve better. They quickly came to a consensus that bold steps were needed to change the downward trajectory of the state—steps that must be pursued with utmost urgency. I am pleased we have recently had a discussion about solutions to retaining and attracting people to North Dakota. Even though, the board did not support initiated Measure 3, I was delighted to be able to talk about the roundtable recommendations as a critical catalyst to growing North Dakota's economy and population. The *Roundtable Report* focused on major public policy issues through which the University System

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can continue to assume a larger role in enhancing the economic and social vitality of North Dakota without sacrificing its traditional mission of instruction, public service and research. The *Roundtable Report* said steps must be pursued with utmost urgency, and, the longer the trends continue, the more difficult it will be to reverse them. The *Roundtable Report* recommended that all parties keep alive the spirit of the roundtable, maintaining the momentum achieved through a process of bringing together leaders—many who have conflicting views—to work together in an atmosphere of mutual respect to advance North Dakota.

The State Board of Higher Education pledges its continued support to keep this spirit alive. The work you did in 2001 to implement the *Roundtable Report* is receiving national recognition; we commend you and thank you for this futuristic action. I believe you put in place a public policy that historians will say was a catalyst in creating a new North Dakota. We look forward to working with you to keep this spirit alive.

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North Dakota University System Office – HB1003

Testimony to House Appropriations by

Dr. Richard Kunkel, Vice President, State Board of Higher Education

January 16, 2002

The NDUS budget request, including the NDUS Office request, was developed according to the agreed-upon visions/expectations and recommendations outlined by the Roundtable on Higher Education. This would include the implementation of the long-term finance plan, where appropriate.

The System Governance line item (line 17) supports the Board and office operations. Some of the primary functions of the NDUS Office are:

- developing policy for Board consideration;
- providing support for Board strategic planning and execution;
- executing the administration of Board policies throughout the System;
- review all requests for new, discontinued or distance education academic programs;
- develop mechanism and tools to facilitate collaboration;
- develop procedures for consistent operations, where appropriate;
- along with the Board President, serve as the official representative of the Board and System to the Legislature, Governor and other governmental entities;
- prepare financial and budget proposals for Board, Legislative and Governor's consideration;
- administer several state grant and loan forgiveness programs enacted by the legislature;
- review all requests for academic programs;
- prepare the annual accountability report required by state statute;
- administer the federally mandated State Approving Agency;
- serve as liaison to the Congressional delegation;
- provide legal services to the campuses;
- develop and recommend appropriate policies and procedures relating to vocational-technical education and training;
- maintain a common-course numbering and articulation and transfer function for the System;
- provide direction and management of common information services for the NDUS (e.g. HECN, IVN, ODIN, NDUS-O);
- review all major capital projects

The governance line recommended appropriation in HB1003 is only 1/3 of one percent of the total expenditures of the System. We believe this demonstrates the Board's commitment to carrying out its responsibilities in a very efficient manner. Even though the SBHE has been asked to take on significantly more responsibility for policy and accountability as a result of the Roundtable on Higher Education, the Board is not requesting any additional positions to do so at this time. However, if the additional responsibility for administering a new student internship program is given to the Board (as proposed in the Executive Budget), the Board will likely have to use some of this funding for administrative expenses, including personnel. Last session, the legislature enacted three new loan forgiveness or scholarship programs and required the NDUS Office to administer these new programs with no additional staffing added by the legislature or Board.

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The Student grant programs line item (line 23) will provide funds for the State Grant, Scholar's, Professional Student Exchange, and Indian Scholarship programs and several education incentive programs established by the legislature in 2001. The student grant program block grant funding is at 2001-03 levels, with the exception of $2.0 million in new funding, from the student loan trust fund, for a new student internship program as proposed by Governor Hoeven. Base funding of $6,458,969 for current grant and scholarship programs has been shifted from the state general fund to the student loan trust fund.

Funding for the Experimental Program to Stimulate Competitive Research (EPSCoR) is recommended at $4.0 million, the same as the current 2001-03 level. However, the source of funding for this program has also been shifted from the state general fund to the student loan trust fund. This funding serves as match funding for federal research dollars. This is a highly successful program and serves as a critical economic development vehicle for the state. Mark Sheridan, the program director, will provide you more detail later.

The Governor's budget also includes $5.0 million from the student loan trust fund for a new Centers of Excellence Program and $2.0 million for a new student internship program . His message states the following on the Centers of Excellence:

"We are committing $5 million to he NDUS in a fund to further develop the Centers of Excellence on our campuses. Centers of Excellence bring expertise, quality instruction, research and scholarly activity to the task of enhancing our state's economic vitality. This fund will be administered by the Board of Higher Education and used to leverage other monies from the federal government and the private sector. Centers of Excellence—like the NDSU Technology Park, UND's Aerospace program, and BSC's Power Plant Training program – create opportunities for our your people and economic growth for our state."

The Board will develop criteria for distribution of these dollars. Several other states have a similar program that we can learn from as the Board establishes criteria.

The Governor's budget message states the following on the student internship program:

"The North Dakota Business Internship Program will make funds available to pay for internships in business where there are critical shortages of skilled workers. North Dakota Job Service will identify those types of businesses and work with the Board of Higher Education to funding internship opportunities."

The Roundtable on Higher Education recommended a new three-part funding model for campus operations, capital assets and state priorities. Funding for Board Initiatives or state priorities is critical to allow the Board to create programs, incentives and/or rewards in furtherance of the State's and Roundtable's priorities.

Laura Glatt will review each of these programs in more detail and Chancellor Isaak will make concluding remarks on the entire NDUS budget. Thank you for your support. I would be happy to answer any questions.

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Exhibit #1
1st day

SENATE APPROPRIATIONS COMMITTEE

TESTIMONY PROVIDED BY:

Dr. Richard Kunkel, Vice President,
State Board of Higher Education

FEBRUARY 28, 2003

Good morning, Mr. Chairman and members of the Senate Appropriations Committee. I'm Dr. Richard Kunkel, vice president of the State Board of Higher Education, from Devils Lake. I'm proud to serve on the board of higher education with eight people who are dedicated to creating a brighter future for our students and our state.

Board President Chuck Stroup could not join us today, but I'd like the board members who are present to stand when I call your name:

- Sue Andrews, Mapleton
- Josh Askvig, student member, Dickinson State University
- Bruce Christianson, Minot
- Bev Clayburgh, Grand Forks
- Ralph Kingsbury, Grafton
- Pam Kostelecky, Dickinson
- Jim Grijalva, non-voting faculty advisor, UND School of Law

And while I'm acknowledging those who have contributed to this new vision for the University System, I'd like to recognize members of the Roundtable on Higher Education who are present here today.

As many of you know, roundtable members recognized the importance of creating a new relationship between the University System and the state. The *Roundtable Report* said this relationship must be based upon mutual trust and common purpose.

Mr. Chairman and members of the committee, I'm pleased to stand before you today and proclaim that the State Board of Higher Education and the North Dakota University System are working diligently to meet the expectations of the Roundtable on Higher Education as reflected in Senate Bill 2003 passed in the 2001 legislative session. We ask for your continued support as we move forward in helping reverse the state's economic and demographic trends.

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Prominent economists and public policy analysts throughout the nation agree higher education is the engine that will drive economic development in the new knowledge-based economy.

The University System has accepted this challenge and the charge of the Roundtable on Higher Education and has demonstrated its willingness and ability to expand its mission beyond providing high-quality education for our students to include enhancing the social and economic vitality of North Dakota.

The major results that have come from this broadened mission include:

- Increased enrollment
- Expanded research
- Enhanced relationships with public and public partners
- Increased collaboration and cooperation among campuses
- Energized campuses
- Increased fund raising
- Increased emphasis on population issues
- Enhanced regional and national image and recognition of the University System and the state
- Increased economic development throughout the state
- Enhanced University System relationship with K-12
- Increased capital construction

It is essential to continue the progress-to-date if the University System is to be an engine for economic development for all of North Dakota. It also is essential to continue the trust being developed among and between stakeholders of the Roundtable of Higher Education. It is important we do not cut off the fuel to this economic engine.

State funding supports the teaching enterprise, which then is leveraged to achieve greater research efforts and outreach. One source of funding cannot supplant the other. State funding provides the foundation upon which all other activities grow and flourish.

The *Roundtable Report* and SB2003 both established the importance of flexibility with accountability for the University System. The *Roundtable Report* said there is a mutual dependency between the system and the state. It said the state absolutely needs a strong university system contributing to solutions to the state's challenges; but, at the same time, the system needs resources that can come only from an expanding economic and population base.

The *Roundtable Report* said old solutions – such as closing campuses and redirecting current state resources from one campus to another – are not adeq e to the task. It said the state and the system must grow together – not contribute to one another's decline. The State Board of Higher Education agrees with these statements.

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As stated in the report's executive summary:

> *The* Roundtable Report *calls for all parties to the relationship to change their behaviors and methods of doing business in important ways. While the report contains many specific recommendations, the overarching themes call for:*
>
> - *The NDUS to cease thinking of itself as a ward of the state and to take greater responsibility for its own future.*
> - *The legislative and executive branches of government to free-up and unleash the potential of the NDUS to change the budget-building, resource allocation, and audit practices to reflect the new compact between the state and the University System.*
> - *The private sector to meet the NDUS half-way in establishing mutually beneficial partnerships and to provide mentors and learning opportunities for a new generation of North Dakota entrepreneurs.*

The *Roundtable Report* said the expectation is that the institutions will:

- be much more aggressive in the pursuit of additional funds
- have considerable discretion in the utilization of these resources
- have the incentive to pursue new ventures and benefit directly from those that are successful, and
- be accountable for agreed-upon outcomes, focusing more on results and less on inputs and processes.

As you will hear today and next week, tremendous things are happening throughout the system as a result of the flexibility you provided. In regard to accountability, I believe you'll agree the *2nd Annual Accountability Measures Report* provides solid proof the board and the system are committed to living up to your accountability expectations. You'll hear more about this report in a presentation later this morning. We commend the Legislative Assembly for the accountability measures it adopted in 2001; these measures are meaningful to the University System, as well as the legislature. We hope you will continue to look for opportunities to examine and discontinue other reporting not required by the accountability measures.

My comments today will cover three topics: (1) board and system actions aligned with SB 2003 and the Roundtable on Higher Education (2) the direction of the State Board of Higher Education and (3) legislative priorities of the board and the University System.

I hope you will take a few minutes to look at the back section of the *2nd Annual Accountability Measures Report* to see a comprehensive list of significant actions taken by the State Board of Higher Education and the University System since the 2001 legislative session. But, right now, I'll provide you a short list of what has been accomplished:

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In 2001 and 2002, the State Board of Higher Education:

- Adopted new University System mission and vision statements that reflect the system's continued emphasis on high-quality education, as well as its responsibility for enhancing the economy of North Dakota
- Developed a new North Dakota University System strategic plan based on roundtable recommendations; you will find a copy of the strategic plan behind the "System Overview" tab in the *Resource Guide*. This strategic plan is tied to five long-range goals, which are supported by 20 objectives.
- Required campus plans to be aligned with the six cornerstones of the *Roundtable Report* and received follow-up reports which describe what the campuses are doing, and intend to do, to implement roundtable recommendations
- Approved a long-term financing plan and resource allocation model as recommended in the *Roundtable Report*
- Developed an NDUS enrollment management/service plan, which you received earlier in the session
- Completed the start-up phase of the workforce training legislation
- Increased educational access by providing campuses broad discretion in granting tuition waivers and flexibility in pricing tuition

As I mentioned, the *2nd Annual Accountability Measures Report* also includes a campus-by-campus list of 2001 and 2002 accomplishments. I encourage you to read it, and I believe you will see the University System not only "got the message" about helping to create a brighter future for the state, but the campuses also have embraced this new role and are moving rapidly to meet your expectations.

I mentioned earlier that the State Board of Higher Education has adopted new mission and vision statements for the University System. I'd like to share them with you now.

> *The mission of the North Dakota University System is to enhance the quality of life of all those we serve and the economic and social vitality of North Dakota through the discovery, sharing and application of knowledge.*

You will note that the new mission statement is directly linked to the goal developed by the roundtable – "to enhance the economic vitality of North Dakota and the quality of life of its citizens."

> The vision of the North Dakota University System is to be *the vital link to a brighter future.*

This vision statement also expresses the University System's commitment to creating a brighter future for our students and the state.

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Another piece of the board's guiding principles is a list of "givens" developed at our professional development meeting last October. These "givens" focus on increasing efficiency and effectiveness of the board. There are six of them, and they are:

- The University System is in the business of educating – to prepare students to be personally and professionally successful,
- The expectations of the roundtable — that the University System, collectively, can and will play a major role in enhancing the economic and social vitality of North Dakota,
- The success of the University System — in total and by individual campuses within the University System — is directly linked to and dependent upon the economic success of the state and visa versa,
- It is the desire, intent and expectation of the legislature, the roundtable and the board to have a "unified system" of higher education in North Dakota which functions as a system and not as a collection of campuses,
- The major pieces are all in place — the existence and effectiveness of the roundtable; consensus on the vision, cornerstones and expectations; long-term finance plan; agreed-upon accountability measures and enrollment plan. The focus now is on performance — the people component and maximizing the potential of the University System in the state,
- The University System is driven by shared values, beliefs and policies in which the campuses, the system office and the board operate.

I hope I've provided strong proof of the board and system's commitment to the goals and expectations of the Roundtable on Higher Education and SB2003. Now I'd like to talk to you about our legislative priorities. During the 2003 legislative session, we seek your support in the following three key areas:

- Retaining "flexibility with accountability" by re-enacting the 2001 legislation as permanent law. Specifically, this includes:
  - Flexibility in the amount and use of tuition and all other revenues received by the campuses
  - Carryover of unspent general fund appropriations from one biennium to the next
  - Streamlined appropriations through block grants
  - Retaining and adhering to the agreed-upon set of fiscal and performance accountability measures
- Supporting the needs-based budget request submitted by the board as required by the state constitution. The needs-based budget is consistent with the Long-Term Finance Plan; it will enable the University System to continue being an engine for economic growth.
- Maintaining at least 21 percent of the state general fund budget for higher education. If the legislature is unable to fund the needs-based budget, the board recommends maintaining at least the current 21 percent of the state general fund for the University System.

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At our February 26th meeting, the board approved a list of budget priorities based on legislative actions at the time of crossover. These priorities include the following:

- Support the 2003 – 05 executive budget recommendation for the NDUS (at a minimum)
- Restore reductions made by the House to the Executive Budget
- Support block grant/pooled appropriations to the board for allocation to the campuses and programs; pooled campus operations funding would be allocated by the board based on the Long-Term Finance Plan

Chancellor Isaak will cover the board's priorities in more detail. However, let me emphasize that state funding for the board's need-based budget is critical to supporting faculty and staff salary increases, increased health insurance premiums and inflation. North Dakota's ranking for faculty salaries continues to be near the bottom, even though campuses have made great efforts to improve salaries during the past two years. Faculty salaries in higher education are important to the state, as are salaries at all levels of education.

The board is very concerned about legislative proposals to reduce information technology budgets, and, at the same time, add more auditing oversight and cost. The board also is concerned about bills that require campuses to perform certain academic or research functions, but do not include funding.

In conclusion, let me come full circle – back to the *Roundtable Report*. Roundtable members refused to accept the notion that public policy should be focused on turning out the lights. Instead, they looked at their task as future-oriented because North Dakotans deserve better. They quickly came to a consensus that bold steps were needed to change the state's downward trajectory – steps that must be pursued with utmost urgency.

I'm pleased that state leaders and citizens recently had a discussion about retaining North Dakota residents and attracting others to our state. The board did not support initiated Measure #3; however, we support the roundtable premise that the University System is a critical catalyst in growing North Dakota's economy and population. The *Roundtable Report* focused on major public policy issues through which the University System can continue to assume a larger role in enhancing the economic and social vitality of North Dakota without sacrificing its traditional mission of instruction, public service and research.

In 2001, the Senate Appropriations Committee worked to implement the *Roundtable Report*, which now is receiving national recognition. We commend you and we thank you for this futuristic action. I believe you put in place a public policy that historians will say was a catalyst in creating a new North Dakota. The State Board of Higher Education and the North Dakota University System pledge our continued support and look forward to working with you to keep this spirit alive.

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North Dakota University System Office – HB1003

Testimony to House Appropriations Education and Environment Division by:

Larry A. Isaak, Chancellor, North Dakota University System

January 16, 2002

Mr. Chairman and members of the committee. I thank you for the hearings you have conducted during the past week. Hopefully, you can agree with me that all of the entities did a good job of presenting the direction they are headed, their accomplishments, challenges and funding issues.

I would like to make a few concluding remarks at this time. The Roundtable on Higher Education that several of you participated in said this:

"*They looked into the future and saw a state in the absence of overt action, would continue to:*

- *Lose population, especially young people and adults in the prime working years of their lives.*
- *Fall farther behind the rest of the country in per capita income, threatening the ability of its citizens to maintain their quality of life.*
- *Be unable as a state to compete in the new information-based economy.*

These leaders refused to accept this view of the future of their state as inevitable....
Out of this consensus arose the Roundtable's expectations for the North Dakota University System-that the NDUS would focus its considerable assets and talents on:

- *Promoting the expansion and diversification of the state's economy, and;*
- *Enhancing the quality of life of the citizens of the state.*"

I trust that as you have heard the presentations during the past week and as you have engaged in discussion, that you can come to the conclusion that every campus and entity in the NDUS is focusing its efforts on these critical needs of the state. I am proud of every campus and I believe that every campus is committed to this effort and is creating programs, activities and leveraging funding sources to carry this out.

Even though we may not agree on every action taken or that will be taken, I trust that we can agree that every entity in the NDUS is moving forward to make a difference and to achieve the overarching goal of the Roundtable: "*To enhance the economic vitality of North Dakota and the quality of life of its citizens through a high quality, more responsive, equitable, flexible, accessible, entrepreneurial, and accountable University System.*"

What was missing, prior to the work of the Roundtable and the results of the 2001 legislative session, were three things: (1) a "clear vision" for the University System, (2) agreement on the expectations, and (3) an agreed-upon a set of accountability measures

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upon which the System would be held accountable. Those three critical components are now in place and have been extremely helpful to the Board of Higher Education and to the individual campuses in giving direction and focus. I trust that has been evident during the overview of the University System and during the presentations by the individual campuses.

Hopefully, you are able to see significant progress already taking place. I strongly believe that the actions of the 2001 legislature, adopting in law, the key legislation on flexibility with accountability is a primary reason this focus is now happening. I also believe the actions of the State Board of Higher Education to further empower campus presidents, faculty, staff and students, in line with the flexibility with accountability theme, has further allowed the campuses to carry out this focus as part of their ongoing operations. In addition, I believe the presentations during the past week show that all entities are responding rapidly and with vigor. Change is happening everywhere.

We know that your decisions are difficult ones as you grapple with a tight biennial budget, yet strive to make changes that will change the long-term trajectory of North Dakota. We pledge to work with you to be part of the positive solutions of these decisions. We know there may be different opinions about resource allocation methodologies and levels of funding. That is expected because these are important policy issues. No doubt about it, the level of funding will determine how rapid the forward movement will happen. However, what continues to be critically important is your continued support to keep in place the solutions that will allow the entire NDUS to continue to move forward in the direction that has been put into motion during the past two years to achieve the goal of the Roundtable. We hope you have seen the positive effects of your past actions, and that you can be proud of every NDUS entity in helping achieve a brighter future for North Dakota.

Thank you again for your time and your thoughtful and mutually respectful discussions. We look forward to working with you as the legislative session continues.

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NORTH DAKOTA UNIVERSITY SYSTEM
SBHE Legislative Budget Priorities
FINAL December 18, 2002

√ Support the 2003-05 Executive Budget Recommendation for the NDUS, at a minimum.
√ Support the flexibility with accountability legislation introduced by the Interim Higher Education Committee.
√ Support block grant/pooled appropriations to the SBHE for allocation to the campuses and programs. Pooled "campus operations" funding would be allocated by the SBHE, based on the SBHE long-term finance plan*.
√ The SBHE requests legislative consideration of the following funding priorities should additional resources become available:

	Campuses, NDUS Office and Forest Service-HB1003	
1	Fund the general fund portion of cost to continue for the 11 campuses, the Medical School and technology operations in order to reduce or eliminate internal reallocations, and/or tuition increases. FY03 salary increases $2,139,444; inflation, including utilities $3,807,357; 2% annual salary increase $7,018,637; employee health insurance increase $4,512,177; $1,850,000 medical liability insurance; $800,000 UND campus computing and system-wide technology; $51,560 disabled student services increase	$20.2 million
1	Provide state general fund support for the NDUS portion of the ConnectND project in 03-05 to eliminate the need for an ongoing student fee to cover the cost of the project.	$3.2 million
1	Provide adequate state funding to sustain all currently funded students and the following number of new students in student grant/access programs, comparable to 01-03 award levels: ** • State Grant (2,545 total per year) $0 • Scholar's Program (47 new per year) $295,000 • Professional Student Exchange Program (15 new per year) $105,000 • Indian Scholarship (145 total per year) $0 • Technology Occupations Loan Program (133 new per year) $250,000 • Teacher Shortage Loan Forgiveness Program (81 new per year) $310,000 • Teacher Retraining Scholarship Program (6-7 total per semester) $45,000 • Doctoral Programs ($30,000 per year) $0	$1.0 million
1	Provide state bonding for the SBHE's major capital project priorities.	$28.8 million
2	Implement the first phase of the NDUS's long-term finance plan operations-funding goal to achieve 85% of the benchmark in six years.	$32 million
2	Implement the first phase of the NDUS's long-term finance plan capital-assets goal to achieve 100% of formula over 10 years, and address deferred maintenance needs over 14 years.	$10.3 million
2	Implement the first phase of the NDUS's long-term finance plan state-priorities funding goal to achieve an amount equal to two percent of the NDUS general fund appropriation over six years.	$1.8 million

2	Provide funding of expected network growth for voice, video, and data to support classroom instruction, research and distance education.	$400,000
2	Provide funding for equipment upgrades for IVN to support increased port capacity for K-12, NDUS, tribal colleges, and state agency video conferencing use.	$433,000
2	Provide funding for the balance of the ODIN software replacement	$200,000
2	Provide a 5% increase in state matching funds for EPSCoR. This would generate an additional estimated $400,000 in federal and private dollars.	$200,000
	FOR EXTENSION SERVICE, EXPERIMENT CENTERS, NCI AND UGPT INSTITUTE – HB1021	
1	Fund general fund portion of cost to continue FY03 salary increases, 2.5% annual operating inflation and amount needed to fund salary increases of 2% per year (as opposed to 1 & 2%) to reduce or eliminate internal reallocations and/or fee increases.	$1.5 million
1	Restore general fund to 100% of 2001-03 adjusted appropriation	$1.6 million
2	Provide funding equivalent to 12% general fund increase (net of cost to continue) authorized by the SBHE for the needs-based budget request	$5.3 million
	OTHER-HB1003	
1	Provide revenue bond authority to BSC for the construction of the Career and Technology Institute.	$8.3 million

* The long-term finance plan mandates that *current* general fund appropriations not be reallocated among campuses. The plan also requires a portion of *increased* state general appropriations be allocated both to parity (e.g. inflation, salary and health insurance increases, etc.) and to resolve equity differentials based on campus peer benchmarks and unique state/student funding shares. Funding parity is the first priority; however, no more than 80% of all new funding should be allocated to parity and no less than 20% of new funds be allocated to equity.

**	01-03 Budget	03-05 Hold Even (Exec. Rec.)	03-05 Priorities
State Grant	2,482/2,545	2,545	2,545
Scholar's Program	47 per year	22 per year	47 per year
PSEP	15 per year	12 per year	15 per year
Indian Scholarships	145	145	145
Tech Occupations	63/133	74 per year	133 per year
Teacher Shortage	81 per year	0, plus cont'd cuts	81 per year
Teacher Retraining	6-7 per semester	4-5 per semester	6-7 semester
Doctoral Programs	$30,000 per year	$30,000 per year	$30,000 per year

(Teacher retraining assumes $4,400 per semester, including stipend of $2,000 per student)

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NORTH DAKOTA UNIVERSITY SYSTEM
SBHE Legislative Budget Priorities
FINAL December 18, 2002

- Support the 2003-05 Executive Budget Recommendation for the NDUS, at a minimum.
- Support the flexibility with accountability legislation introduced by the Interim Higher Education Committee.
- Support block grant/pooled appropriations to the State Board of Higher Education (SBHE) for allocation to the campuses and programs. Pooled "campus operations" funding would be allocated by the SBHE based on the SBHE long-term finance plan*.
- The SBHE requests legislative consideration of the following funding priorities should additional resources become available:

	Campuses, NDUS Office and Forest Service-HB1003	
1	Fund the general fund portion of cost to continue for the 11 campuses, the Medical School and technology operations in order to reduce or eliminate internal reallocations, and/or tuition increases. FY03 salary increases $2,139,444; inflation, including utilities $3,807,357; 2% annual salary increase $7,018,637; employee health insurance increase $4,512,177; $1,650,000 medical liability insurance; $800,00 UND campus computing and systemwide technology; $51,560 disabled student services increase	$20.2 million
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1	Provide adequate state funding to sustain all currently funded students and the following number of new students in student grant/access programs, comparable to 01-03 award levels: ** • State Grant (2,545 total per year) $0 • Scholar's Program (47 new per year) $295,000 • Professional Student Exchange Prgm. (15 new per year) $105,000 • Indian Scholarship Program (145 total per year) $0 • Technology Occupations Loan Prgm. (133 new per year) $250,000 • Teacher Shortage Loan Forgive Prgm. (81 new per year) $310,000 • Teacher Retraining Scholar Prgm. (6-7 total per semester) $45,000 • Doctoral Programs ($30,000 per year) $0	$1.0 million
1	Provide state bonding for the SBHE's major capital project priorities.	$28.8 million
2	Implement the first phase of the NDUS's long-term finance plan operations-funding goal to achieve 85% of the benchmark in six years.	$32 million

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2	Implement the first phase of the NDUS's long-term finance plan capital-assets goal to achieve 100% of formula over 10 years, and address deferred maintenance needs over 14 years.	$10.3 million
2	Implement the first phase of the NDUS's long-term finance plan state-priorities funding goal to achieve an amount equal to two percent of the NDUS general fund appropriation over six years.	$1.8 million
2	Provide funding of expected network growth for voice, video, and data to support classroom instruction, research and distance education.	$400,000
2	Provide funding for equipment upgrades for IVN to support increased port capacity for K-12, NDUS, tribal colleges, and state agency video conferencing use.	$433,000
2	Provide funding for the balance of the ODIN software replacement	$200,000
2	Provide a 5% increase in state matching funds for EPSCoR. This would generate an additional estimated $400,000 in federal and private dollars.	$200,000
	For Extension Service, Experiment Centers, NCI and UGPT Institute – HB1021	
1	Fund general fund portion of cost to continue FY03 salary increases, 2.5% annual operating inflation and amount needed to fund salary increases of 2% per year (as opposed to 1\2%) to reduce or eliminate internal reallocations and/or fee increases.	$1.5 million
1	Restore general fund to 100% of 2001-03 adjusted appropriation	$1.6 million
2	Provide funding equivalent to 12% general fund increase (net of cost to continue) authorized by the SBHE for the needs-based budget request	$5.3 million
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1	Provide revenue bond authority to BSC for the construction of the Career and Technology Institute.	$8.3 million

* The long-term finance plan mandates that *current* general fund appropriations not be reallocated among campuses. The plan also requires a portion of *increased* state general appropriations be allocated both to parity (e.g. inflation, salary and health insurance increases, etc..) and to resolve equity differentials based on campus peer benchmarks and unique state/student funding shares. Funding parity is the first priority; however, no more than 80% of all new funding should be allocated to parity and no less than 20% of new funds be allocated to equity.

**

	01-03 Budget	03-05 Hold Even	03-05 Priorities
State Grant	2,482/2,545	2,545	2,545
Scholar's Program	47 per year	22 per year	47 per year
PSEP	15 per year	12 per year	15 per year
Indian Scholarships	145	145	145

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Tech Occupations	63/133	74 per year	133 per year
Teacher Shortage	81 per year	0, plus cont'd cuts	81 per year
Teacher Retraining	6-7 per semester	4-5 per semester	6-7 semester
Doctoral Programs	$30,000 per year	$30,000 per year	$30,000 per year
(for teacher retraining assumes $4,500 per semester, including stipend of $2,000 per student)			

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NORTH DAKOTA UNIVERSITY SYSTEM

2003 LEGISLATIVE PRIORITIES

THE VISION DEVELOPED BY THE ROUNDTABLE ON HIGHER EDUCATION: *"The NDUS, in ten years, will have created a win-win strategic alliance with the economic entities in the state and is a major player and primary engine in reversing the economic and demographic trends of the 1990s; it will have high quality, innovative learning opportunities, tailored to the needs of individual clients, readily accessible to all adult learners in the state; and it will have proven to be a solid investment for the state and is seen as such by its citizens."*

As such, the NDUS is viewed as ***the vital link to a brighter future*** for the state and its citizens.

Legislative priorities essential for continued progress toward achieving the vision of the roundtable include:

RETAIN "FLEXIBILITY WITH ACCOUNTABILITY" BY RE-ENACTING THE FOLLOWING 2001 LEGISLATION AS PERMANENT LAW

- Flexibility in the amount and use of tuition and all other revenues received by the campuses
- Carryover of unspent general fund appropriations from one biennium to the next
- Streamlined appropriations through block grants
- Retaining and adhering to the agreed-upon set of fiscal and performance accountability measures

The benefits and results of flexibility with accountability are:

- The State Board of Higher Education (SBHE) is better able to focus its efforts and resources on high-priority needs of the state and North Dakota University System (NDUS).
- Campuses are better able to manage spending priorities and allocate resources to high priority needs, without burdensome approval processes.
- Campuses are better able to manage expenditures over an extended period of time (biennium to biennium), rather than rushing to "spend" or "lose" the appropriation by the end of the biennium.
- Campuses are attracting more non-state revenue sources from federal grants and private partnerships.
- Campuses are developing many more private sector partnerships through entities such as research and technology parks and centers of excellence.

SUPPORT THE SBHE'S NEEDS-BASED BUDGET REQUEST WHICH IS CONSISTENT WITH THE LONG-TERM FINANCE PLAN

The State Board of Higher Education's needs-based budget request will enable the NDUS to continue being an engine for economic growth. This growth will result from implementation of high-priority action items recommended in the six cornerstones of the Roundtable Report, *including:*

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- Continued development in responsiveness to the needs of clients
- Further expansion of access to higher education, training and life-long learning
- Maintaining the quality of programs offered
- Sustained connectivity of the NDUS to the state and its citizens
- Long-range financial planning tied to roundtable expectations of the NDUS

The SBHE also recommends using the new board-approved, long-term finance plan and budget resource allocation model. This plan will:

- Provide stable base funding for each campus
- Recognize fixed cost increases for all campuses (i.e. parity)
- Fund equity with peer institutions, consistent with campus missions
- Encourage entrepreneurship and reward success
- Encourage diversification of revenue sources (e.g. state, student, private, other)
- Create a shared funding responsibility between the state and students
- Allow the State Board of Higher Education and campuses to be responsive to changing priorities

MAINTAIN AT LEAST 21 PERCENT OF THE STATE GENERAL FUND BUDGET FOR HIGHER EDUCATION

If the legislature is unable to fund the needs-based budget, the SBHE recommends maintaining at least the current 21 percent of the state general fund for the NDUS.

If the NDUS state general fund budget is reduced to less than the current appropriation levels, the State Board of Higher Education will recommend prorating reductions across the system, based on each entity's share of current 2001-03 state general fund appropriations. The impact of these reductions would vary, but would likely include the following:

- Additional tuition increases and increased student debt
- Larger class sizes
- Fewer classes
- Academic program elimination
- More difficulty recruiting and retaining qualified faculty and staff
- Increased deferred facility maintenance, increasing the long-term costs of major repair and replacement
- More difficulty in keeping pace with technology and equipment for teaching and administrative use
- Fewer student services which may negatively impact student recruitment and retention
- Reduced research efforts and private sector partnerships and loss of external research grant opportunities
- Less interaction and fewer partnerships with the private sector

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Exhibit # 9 fiscal

State Board of Higher Education's Recommended Positions on 2003-05 Budgets Related to the North Dakota University System

February 26, 2003

- Support the flexibility with accountability legislation as permanent statute.
- Support block grant/pooled appropriations to the State Board of Higher Education (SBHE or board) for allocation to the campuses and programs. Pooled "campus operations" funding would most likely be allocated by the SBHE based on the SBHE long-term finance plan[1].
- Restore funding for workforce training to the Board for Vocational Education's budget (Engrossed HB1020) or put the funding directly into Engrossed HB1003, rather than the Dept. of Commerce's budget (Engrossed HB1019); and, also remove language in Engrossed HB1019 that makes the Dept. of Commerce the fiscal agent and administrator for workforce development and training funds. This provision is contrary to the recommendations of the statewide Task Force for Improving Workforce Development, which was adopted by the 1999 Legislative Assembly. It is also contrary to the business and economic development community's position. The provision also appears to be in direct conflict with the constitutional provision, which makes the SBHE responsible for the control and administration of the campuses since the workforce training units are an integrated part of the core operations of the campuses.
- Support amending legislative intent in Engrossed HB1003 on Centers of Excellence as recommended by Governor Hoeven as follows: "Centers of Excellence are focused areas of instruction and research and may serve as a vehicle for expanding educational access through collaboration."
- Support restoration of internship funding in HB1003. Since campuses already administer student internship programs, campus administration of this funding would minimize administrative costs, ensure students enjoy a rich experience consistent with their academic program, and ensure one-stop shop for students and employers for better customer service.
- Reinstate authority to permit the transfer of funds from operations to capital assets. This is necessary to deal with emergency or unforeseen capital asset needs during the biennium.
- Retain current accountability measures enacted in 2001, until reporting on all measures is fully phased in. Following full implementation of the existing measures, the Roundtable review and recommend changes to the measures.
- Support bonding in Engrossed HB1003 for SBHE's first three major capital project priorities (DSU Murphy Hall Addition – Phase I; MaSU Steamline Replacement – Phase II; VCSU Graichen Gym Elevator and Emergency Exits).
- Support bonding in Engrossed HB1023 for energy improvement projects at UND and NDSU.

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- Oppose reductions to the Executive Budget for information technology per Engrossed HB1022 legislative intent. The SBHE is also concerned about the component of the bill requiring audits of IT management, planning, etc.... The proposed audit component is inconsistent with the Roundtable recommendation to "revise audit processes to ensure consistency with the principles contained in this report which promote campus flexibility with accountability and with emphasis on materiality" – accountable for agreed-upon set of outcome, not input, performance measures. Responding to these audit requests and reports will result in additional costs to the NDUS. Oppose the limitation on providing wide-area network and telecommunications services to the private sector, charitable, and non-profit entities where it affects partnerships.
- Recommend transfer of $250,000 from the School of Medicine to UND consistent with the NDUS budget request and the Executive Budget.
- Express concern with legislatively targeted investments in specific campus initiatives and projects which were not included in the SBHE budget request since it is not consistent with the SBHE's Long-Term Finance plan. Support restoration of $100,000 to SBHE Initiative line for targeted investments consistent with the SBHE's strategic plan and priorities.
- Restore the following funds in Engrossed HB1003 which were in the Executive Budget but reduced in the House:
  - $5,867,371 for campus operations
  - $ 100,000 for Board initiatives
  - $1,651,629 for major capital projects pool to SBHE
  - $ 76,000 for campus repairs
  - $3,000,000 for Centers of Excellence
  - $1,000,000 for student internships in HB1019
- Fund the following costs to continue in Engrossed HB1003 which were not included in the Executive or House Budget:
  - $ 2,139,444 for continuation of FY03 salary increases
  - $ 4,512,177 for increased employee health insurance premiums
  - $ 3,807,357 for non-salary operating inflation, including utilities
  - $ 7,018,637 for 2% annual salary increases
  - $ 1,005,272 Fund additional costs to sustain current number of awards for Technology Occupations Student Loan Program, Teacher Shortage Loan Forgiveness Program, Teacher Retraining Scholarship Program, Doctoral Program, Professional Student Exchange Program (PSEP) and the Scholars Program
- $ 3,200,000 State general fund support of ConnectND for 2003-05 biennium consistent with the position of the ND Student Association that the state pay for this infrastructure cost in future biennia thereby eliminating the ConnectND student fee.
- $ 400,000 Provide funding of expected network growth for voice, video, and data to support classroom instruction, research and distance education.

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- $ 433,000 Provide funding for equipment upgrades for IVN to support increases port capacity for K-12, NDUS, tribal colleges, and state agency video conferencing use.
- $ 200,000 Provide funding for the balance of the ODIN software replacement.
- Fund the following costs to continue in Engrossed HB1021 which are not included in the House Budget for Extension Service, Experiment Centers, NCI and UGPTI:
  - $ 494,618 for the continuation of FY03 salary increases
  - $ 383,930 for non-salary operating inflation
  - $1,189,140 for 2% annual salary increases
- Fund the following other costs in Engrossed HB1021 for Extension and Experiment:
  - $ 1,600,000 restore general fund to 100% of 2001-03 adjusted appropriation.
  - $ 1,370,690 restore vacant FTE's – other funds (Extension 6.0; Main Research 9.36; Hettinger 1.0). These were in the Executive Budget.

[1] The Long-Term Finance plan mandates that *current* general fund appropriations not be reallocated among campuses. The plan also requires a portion of *increased* state general appropriations to be allocated both to parity (e.g. inflation, salary and health insurance increases, etc.) and to resolve equity differentials based on campus peer benchmarks and unique state/student funding shares. Funding parity is the first priority; however, no more than 80% of all new funding should be allocated to parity and no less than 20% of new funds be allocated to equity.

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North Dakota University System
2003-05 Executive Budget
Campus Operations Appropriation

Amounts Included in Hold-even budget requests:		
BSC	$ 15,800,887	
LRSC	5,062,456	
WSC	5,424,874	
UND, including Medical School	118,583,136	
NDSU	68,204,819	
NDSCS	24,247,302	
DSU	13,860,931	
MaSU	8,515,748	
MiSU	26,061,907	
VCSU	11,365,513	
MiSU-BC	4,137,614	$ 301,265,187
Less amount included in budget request for increase in medical school insurance		(1,850,000)
Total per HB 1003		$ 299,415,187

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Exhibit #8 first day

North Dakota University System
(NDUS Office, Campuses, Forest Service and UND School of Medicine & Health Sciences)
Summary of House Amendments to HB 1003

Amendments to General Fund and Student Loan Trust Funds

General Fund & Student Loan Trust Funds Included in Executive Recommendation *(Includes $17,258,969 from Student Loan Trust Fund)*	$	371,162,862
House Amendments:		
Increases to Executive Recommendation:		
Increases funding for EPSCoR 1/		1,000,000
Provides funding for professional liability insurance for the Medical School 2/		1,850,000
Increases funding for UND for Nordic initiative and marketing for World Jr Hockey Tournament 3/		100,000
Increases funding for MaSU for improvements in Old Main 4/		50,000
Increases base funding for Med School 5/		395,000
Total Increases		3,395,000
Reductions to Executive Recommendation:		
Reduces funding for extraordinary repairs 6/		(76,000)
Reduces funding for capital projects 7/		(1,851,829)
Reduces funding for board initiatives 8/		(100,000)
Reduces funding for Centers for Excellence 9/		(3,000,000)
Removes funding for student internship programs 10/		(2,000,000)
Reduces funding for operations for campuses, Med School and Forest Service 11/		(6,867,371)
Removes funding for salary increases for the NDUS Office & Forest Service 12/		(84,419)
Total Reductions		(12,749,419)
Net Adjustments to General Fund & Student Loan Trust Funds		***(9,354,419)***
General Fund per House Version (Includes $13,258,969 transferred from Student Loan Trust Funds)	$	361,808,443

Amendments to Other Funds

Other Funds Included in Executive Recommendation	$	99,329,784
House Amendments:		
Increases to Executive Recommendation:		
Increase other funding authority for student financial assistance grants 13/		1,500,000
Provides bonding authority for capital projects at DSU, MaSU and VCSU 14/		11,322,347
Total Increases		12,822,347
Reductions to Executive Recommendation:		
Removes bonding authority for Corrections 15/		(105,326)
Net Adjustments to Other Funds		***12,717,021***
Other Funds per House Version	$	112,046,785

FOOTNOTES TO AMENDMENTS:

1/ Increases funding for EPSCoR by $1 million from the general fund.
2/ Provides $1,850,000 from the general fund to the NDUS Office for professional liability insurance coverage for the Medical School.
3/ Provides $50,000 to UND for the Nordic initiative and $50,000 for a grant to the UND Athletic Department for a Canadian marketing initiative relating to the 2005 World Junior Hockey Tournament.
4/ Provides $50,000 to MaSU for improvements to Old Main.
5/ Increases funding to the Medical School by $395,000.
6/ Reduces funding for extraordinary repairs by $76,000 from the executive recommendation.
7/ The executive recommendation included $2,961,629 for a major capital projects pool. This amendment removes $1,851,629 from this pool of funds.
8/ Reduces funding for board initiatives by $100,000.
9/ Reduces funding for Centers for Excellence by $3 million and changes funding source of remaining $2 million from the student loan trust fund to the general fund.
10/ Removes $2 million for new student internship program, funded from the student loan trust fund. However, $1 million is included in HB 1019 to the Dept of Commerce.
11/ Reduces general fund operations at campuses, Medical School and Forest Service.
12/ Removes funding for 2003-05 salary increases for the NDUS Office and Forest Service.
13/ Increases special fund spending authority for student financial assistance grants, related to potential receipts from the ND-Mn reciprocity agreement.
14/ Provides state bonding authority for the following projects: DSU - $5,882,047 for Murphy Hall Phase I Addition; MaSU - $1,355,000 for Steamline Replacement Phase II; VCSU - $785,300 for Graichen Gymnasium Elevator and Emergency Exits. In addition, it provides $3.3 million revenue bond authority to VCSU for Kolstoe Hall Renovation. This amendment also establishes an escrow account of up to $1,310,000, from the general fund amount appropriated for capital assets in the NDUS Office, and $250,000 from DSU local fund sources for the first 2 annual lease rental payments for retirement of the bonds.
15/ Removes $105,326 that was included in HB1003 for an energy improvement project at the Department of Corrections.

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North Dakota University System
(NDUS Office, Campuses, Forest Service and UND School of Medicine & Health Sciences)
Summary of House Amendments to HB 1003

OTHER CHANGES TO ORIGINAL HB 1003:

* Allocates funding from the general fund provided in the NDUS "Campus Operations" line to the individual campuses and Medical School, based on the 2003-05 hold even requests, with the exception of UND and the Medical School. Included in this amendment is a reallocation of $250,000 from UND to the Medical School.

* Allocates funding from the general fund provided in the NDUS "Capital Assets" line to the individual campuses, based on the 2003-05 hold even requests for extraordinary repairs.

* Allocates $94,278,920 of special funds provided in the NDUS "Capital Assets" line to the individual campuses.

* Adds a section providing a transfer of $13,258,969 from the student loan trust fund to the general fund.

* Adds legislative intent regarding use of $2 million for "Centers for Excellence," indicating that it is "for private partnership research efforts that focus on research that will have a positive impact on the state's economy and gross state product, including research efforts that emphasize aerospace, biotechnology, energy, medicine, and technology transfer."

* Amends NDCC Section 15-10-08 relating to compensation for SBHE members, increasing compensation from $62.50 per day to $100 per day devoted to duties of the office. No additional funds were appropriated for this purpose.

* Removes Section 13 of the bill as introduced, relating to the ability of the SBHE to authorize transfers from campus operations to capital assets.

* Amends Section 17 of the bill as introduced, to provide revenue bond authority and appropriate revenue bond proceeds for the following projects:
  - BSC - Student Apartments
  - LRSC - North Hall Residence Hall Renovation
  - MaSU - Fieldhouse Renovation and Addition
  - NDSU - Bison Court Construction
  - UND - Airport Hangar
  - UND - Wellness Center
  - UND - Athletic Complex
  - VCSU - Kolstoe Hall Renovation

  This section was also amended to appropriate $1 million of special funds to MaSU for additional funds to assist in the renovation & addition of the fieldhouse.

* Incorporates the provisions of HB 1039 relating to the appropriation of special funds, HB 1040 relating to the carryover of unexpended appropriations, HB 1041 relating to the NDUS budget request and appropriations bill that would expire on June 30, 2005, and HB 1042 relating to higher education accountability measures.

* Adds two additional accountability measures:
  -Economic Development (2.d.) "Number of students employed in major field of study six months and eighteen months after graduation."
  -Student Affordability (4.d.) "Average number of semesters completed per baccalaureate degree graduate."

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North Dakota University System

(NDUS Office, Campuses, Forest Service and UND School of Medicine & Health Sciences)

Summary of House Amendments to HB 1003

Amendments to General Fund and Student Loan Trust Funds

	NDUS Office	11 Campuses & Med School	Forest Service	Total
General Fund & Student Loan Trust Funds Included in Executive Recommendation *(Includes $17,258,969 from Student Loan Trust Fund)*	$ 308,337,895	$ -	$ 1,825,257	$ 371,162,843
House Amendments:				
Reallocations:				
Allocate operations to campuses and Medical School 1/	(299,415,187)	299,415,187		-
Allocate extraordinary repairs to campuses 2/	(8,856,186)	8,856,186		-
Total Reallocations	(308,271,373)	308,271,373	-	-
Increases to Executive Recommendation:				
Increases funding for EPSCoR 3/	1,000,000			1,000,000
Provides funding for professional liability insurance for the Medical School 4/	1,850,000			1,850,000
Increases funding for UND for Nordic initiative and marketing for World Jr Hockey Tournament 5/		100,000		100,000
Increases funding for MaSU for improvements in Old Main 6/		50,000		50,000
Increases base funding for Med School 7/		395,000		395,000
Total Increases	2,850,000	545,000	-	3,395,000
Reductions to Executive Recommendation:				
Reduces funding for extraordinary repairs 8/	(76,000)			(76,000)
Reduces funding for capital projects 9/	(1,651,629)			(1,651,629)
Reduces funding for board initiatives 10/	(100,000)			(100,000)
Reduces funding for Centers for Excellence 11/	(3,000,000)			(3,000,000)
Removes funding for student internship programs 12/	(2,000,000)			(2,000,000)
Reduces funding for operations for campuses, Med School and Forest Service 13/		(5,833,514)	(33,857)	(5,867,371)
Removes funding for salary increases for the NDUS Office & Forest Service 14/	(36,294)		(18,125)	(54,419)
Total Reductions	(6,863,923)	(5,833,514)	(51,982)	(12,749,419)
Net Adjustments to General Fund & Student Loan Trust Funds	(316,285,296)	308,982,859	(51,982)	(8,354,419)
General Fund per House Version (Includes $13,258,969 transferred from Student Loan Trust Funds)	$ 59,982,369	$ 308,982,859	$ 1,773,275	$ 361,808,443

Amendments to Other Funds

	NDUS Office	11 Campuses & Med School	Forest Service	Total Other Funds
Other Funds Included in Executive Recommendation	$ 98,230,763	$ -	$ 1,098,001	$ 99,328,764
House Amendments:				
Reallocations:				
Allocate major capital projects to campuses 15/	(94,278,920)	94,278,920		-
Increases to Executive Recommendation:				
Increase other funding authority for student financial assistance grants 16/	1,500,000			1,500,000
Provides bonding authority for capital projects at DSU, MaSU and VCSU 17/		11,322,347		11,322,347
Total Increases	1,500,000	11,322,347	-	12,822,347
Reductions to Executive Recommendation:				
Remove bonding authority for Corrections 18/	(105,326)			(105,326)
Net Adjustments to Other Funds	(92,884,246)	105,601,267	-	12,717,021
Other Funds per House Version	$ 5,365,017	$ 105,601,267	$ 1,098,001	$ 112,048,785

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North Dakota University System
(NDUS Office, Campuses, Forest Service and UND School of Medicine & Health Sciences)
Summary of House Amendments to HB 1003

FOOTNOTES TO AMENDMENTS:

1/ Allocates funding from the general fund provided in the NDUS "Campus Operations" line to the individual campuses and Medical School, based on the 2003-05 hold even requests, with the exception of UND and the Medical School. Included in this amendment is a reallocation of $250,000 from UND to the Medical School.
2/ Allocates funding from the general fund provided in the NDUS "Capital Assets" line to the individual campuses, based on the 2003-05 hold even requests for extraordinary repairs.
3/ Increases funding for EPSCoR by $1 million from the general fund.
4/ Provides $1,860,000 from the general fund to the NDUS Office for professional liability insurance coverage for the Medical School.
5/ Provides $50,000 to UND for the Nordic initiative and $50,000 for a grant to the UND Athletic Department for a Canadian marketing initiative relating to the 2005 World Junior Hockey Tournament.
6/ Provides $60,000 to MaSU for improvements to Old Main.
7/ Increases funding to the Medical School by $366,000.
8/ Reduces funding for extraordinary repairs by $76,000 from the executive recommendation.
9/ The executive recommendation included $2,961,829 for a major capital projects pool. This amendment removes $1,861,829 from this pool of funds.
10/ Reduces funding for board initiatives by $100,000.
11/ Reduces funding for Centers for Excellence by $3 million and changes funding source of remaining $2 million from the student loan trust fund to the general fund.
12/ Removes $2 million for new student internship program, funded from the student loan trust fund. However, $1 million is included in HB 1019 to the Dept of Commerce for this program.
13/ Reduces general fund operations at campuses, Medical School and Forest Service.
14/ Removes funding for 2003-05 salary increases for the NDUS Office and Forest Service.
15/ Allocates $94,278,920 of special funds provided in the NDUS "Capital Assets" line to the individual campuses.
16/ Increases special fund spending authority for student financial assistance grants, related to potential receipts from the ND-Min reciprocity agreement.
17/ Provides state bonding authority for the following projects: DSU - $5,882,047 for Murphy Hall Phase I Addition; MaSU - $1,365,000 for Steamline Replacement Phase II; VCSU - $785,300 for Graichen Gymnasium Elevator and Emergency Exits. In addition, it provides $3.3 million revenue bond authority to VCSU for Kolstoe Hall Renovation. This amendment also establishes an escrow account of up to $1,310,000, from the general fund amount appropriated for capital assets in the NDUS Office, and $280,000 from DSU local fund sources for the first 2 annual lease rental payments for retirement of the bonds.
18/ Removes $105,326 that was included in HB1003 for an energy improvement project at the Department of Corrections.

OTHER CHANGES TO ORIGINAL HB 1003:

- Adds a section providing a transfer of $13,258,999 from the student loan trust fund to the general fund.

- Adds legislative intent regarding use of $2 million for "Centers for Excellence," indicating that it is "for private partnership research efforts that focus on research that will have a positive impact on the state's economy and gross state product, including research efforts that emphasize aerospace, biotechnology, energy, medicine, and technology transfer."

- Amends NDCC Section 15-10-08 relating to compensation for SBHE members, increasing compensation from $62.50 per day to $100 per day devoted to duties of the office. No additional funds were appropriated for this purpose.

- Removes Section 13 of the bill as introduced, relating to the ability of the SBHE to authorize transfers from campus operations to capital assets.

- Amends Section 17 of the bill as introduced, to provide revenue bond authority and appropriate revenue bond proceeds for the following projects:-

BSC - Student Apartments	$ 1,785,000
LRSC - North Hall Residence Hall Renovation	$ 375,000
MaSU - Fieldhouse Renovation and Addition	$ 3,000,000
NDSU - Dixon Court Construction	$ 11,000,000
UND - Airport Hangar	$ 2,000,000
UND - Wellness Center	$ 8,000,000
UND - Athletic Complex	$ 13,000,000
VCSU - Kolstoe Hall Renovation	$ 3,300,000

This section was also amended to appropriate $1 million of special funds to MaSU for additional funds to assist in the renovation & addition of the fieldhouse.

- Incorporates the provisions of HB 1038 relating to the appropriation of special funds, HB 1040 relating to the carryover of unexpended appropriations, HB 1041 relating to the NDUS budget request and appropriations bill that would expire on June 30, 2005, and HB 1042 relating to higher education accountability measures.

- Adds two additional accountability measures:
  - Economic Development (2.d.) "Number of students employed in major field of study six months and eighteen months after graduation."
  - Student Affordability (4.d.) "Average number of semesters completed per baccalaureate degree graduate."

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NDUS Campuses and Medical School
Schedule of General Fund Portion of Costs That Must Be Self-Funded in Engrossed HB 1003

	2003-05 Health Insurance Increase	2% Per Year Salary Increase for 2003-05	Cost to Continue FY03 Legislatively Funded Salary Increases	Non-salary Inflation, Including Utilities	Total
BSC	$ 250,780	$ 400,464	$ 117,546	$ 233,351	$ 1,002,141
LRSC	70,247	103,727	33,007	68,419	275,400
WSC	92,154	129,184	43,210	165,301	430,449
UND	1,277,469	2,084,068	638,768	1,163,441	5,163,746
Med School	297,310	599,560	193,979	273,241	1,364,090
NDSU	1,108,267	1,737,126	522,357	960,212	4,327,962
NDSCS	412,427	539,519	156,905	283,604	1,392,455
DSU	211,501	325,876	98,290	212,248	847,915
MaSU	141,001	172,123	49,461	86,712	449,297
MiSU	384,932	595,102	183,081	208,178	1,371,293
VCSU	187,531	239,778	76,015	108,982	612,306
MISU-BC	78,558	92,110	26,225	43,668	240,561
Total	$ 4,512,177	$ 7,018,637	$ 2,139,444	$ 3,807,357	$ 17,477,615

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North Dakota University System

Creating a University System for the 21st Century

Analysis of 2003-2005 Engrossed House Bills 1003, 1021 and 1023

February 2003

NORTH DAKOTA

The Vital Link to a Brighter Future

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North Dakota University System (NDUS)
Analysis of the 2003-05 Engrossed Budget Recommendation
Engrossed HB's 1003, 1021 and 1023

Engrossed HB 1003 includes $361.8 million state general funds for the eleven campuses, UND School of Medicine and Health Sciences, Forest Service and North Dakota University System Office, which is a decrease of $9.3 million or 2.5% from the current 2001-03 adjusted appropriation (pre-allotment base).

Engrossed HB 1021 includes $50.9 million state general funds for the Upper Great Plains Transportation Institute (UGPTI), Northern Crops Institute (NCI), Extension Service and Research Stations, a decrease of $1.0 million or 2% from the current 2001-03 adjusted appropriation (pre-allotment base). The engrossed bill included $.9 million general fund increases for health insurance adjustments for these entities, and when that is taken into account, the state general fund support decreased $1.9 million from 2001-03 for the operations of UGPTI, NCI, Extension Service and Research Stations.

Thus, the total recommended state general fund appropriation for all entities of the North Dakota University System for the 2003-05 biennium, is $412.7 million, a decrease of $10.3 million or 2.4% less than the 2001-03 adjusted appropriation. Excluding the health insurance adjustments, the decrease is $11.2 million for the University System.

The executive recommendation for HB 1003 included a total of $371.2 million from state general funds ($353.9 million) and the student loan trust fund ($17.3 million). Engrossed HB 1003 provides $361.8 million from state general funds, including a transfer of $13.3 million for the student loan trust fund, or a decrease of $9.4 million from the executive recommendation for HB 1003. Engrossed HB 1021 includes a general fund decrease of $580,892 from the executive recommendation.

In addition, the NDUS will have to internally reallocate or fund from other revenue sources the $17.5 million cost to continue for operations funded from state general fund, which was not funded in either the Executive Budget or the Engrossed Bills. In addition, the NDUS will have to internally reallocate or fund from other revenue sources, including tuition, another $32.3 million for cost to continue for other operations not funded from state general fund and to fund other campus strategic plan priorities. Cost to continue includes: continuation of FY03 salary increases; non-salary inflation, including utilities; employee health insurance premium increases; and 2 percent annual salary increases.

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Highlights of 2003-05 Engrossed HB's 1003, 1021 and 1023:

- Represents a $9.3 million or 2.5% state general fund reduction for the NDUS from the 01-03 adjusted appropriation (pre-allotment base), excluding Upper Great Plains Transportation Institute, Northern Crops Institute, Extension/Research.
- Represents a $1 million or 2% state general fund reduction for Upper Great Plains Transportation Institute, Northern Crops Institute, Extension/Research from the 01-03 adjusted appropriation (pre-allotment base).
- Base operations for campus budgets have been reduced by $5.8 million.
- Includes $1,850,000 for professional liability insurance premiums at the UND School of Medicine and Health Sciences.
- Includes increases for campus initiatives at UND ($50,000 Nordic Initiative and $50,000 World Junior Hockey Tournament), MaSU ($50,000 sound system in Old Main) and base increase to Medical School ($395,000 to address the September 2001 Budget Section action related to the forgiveness of Family Healthcare Center debt to the Medical School, totaling $395,000).
- Includes a transfer of $13,258,959 from the student loan trust fund to general funds.
- The budgets for UGPTI, NCI, Extension/Research are at the 95% budget request level, plus increases for health insurance consistent with all other state agencies (except the 11 campuses). In addition, the Main Research Center includes $995,408 general funds and $250,000 from the Minor Use Pesticide Fund that can be used by the State Board of Agricultural Research and Education (SBARE) to restore funds or for new priorities.
- The executive recommendation, for all state agencies except the 11 campuses, includes funding to cover 100% of increased health insurance coverage for employees (20.43% increase or over $2,000 per employee for the biennium); salary increases have not been funded in the engrossed bills.
- Includes $1 million increase for EPSCoR.
- Includes $2 million funding for Centers for Excellence.
- No state general funds are provided to the campuses for specific major capital projects. State bonding is provided to UND ($1,951,214) and NDSU ($1,077,977) for energy improvement projects (to be repaid from campus utility savings), DSU ($5,882,047) for Murphy Hall, MaSU ($1,355,000) for steamline replacement and VCSU ($785,300) for Graichen Gym elevator and emergency exits. The budget includes $1,310,000 in general funds for the establishment of an escrow account to address 2005-07 bond repayments for the state bonded projects at DSU, MaSU and VCSU. The budget also includes several of the requested "other fund" projects, which the campuses will finance themselves.
- Includes $1,456,074 for UND/NDSU disaster repayment from the Water Development Trust Fund.

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North Dakota University System
2003-05 Engrossed HB's 1003, 1021 and 1023 By Funding Source, Including Major Capital Projects
(In Millions of Dollars)

	2003-05 Engrossed Bills			2001-03 Adjusted Appropriation			Recommended Change to 2001-03		
	General Fund	*Other Funds*	*Total*	*General Fund*	*Other Funds*	*Total*	*General Fund*	*Other Funds*	*Total*
11 Campuses, Medical School and NDUS Office/Grants	$360.0	$114.0	$474.0	$369.2	$94.9	$464.1	$-9.2 (-2.5%)	$19.1 (+20.1%)	$9.9 (+2.1%)
Forest Service	1.8	1.1	2.9	1.9	1.2	3.1	-.1 (-5.3%)	-.1 (-8.3%)	-.2 (-6.5%)
Subtotal	**$361.8**	**$115.1**	**$476.9**	**$371.1**	**$96.1**	**$467.2**	**$-9.3 (-2.5%)**	**$19.0 (+19.8%)**	**$9.7 (+2.1%)**
UGPTI, NCI, Extension & Research	50.9	73.3	124.2	51.9	62.8	114.7	-1.0 (-2.0%)	10.5 (+16.7%)	9.5 (+8.3%)
TOTAL	**$412.7**	**$188.4**	**$601.1**	**$423.0**	**$158.9**	**$581.9**	**$-10.3 (-2.4%)**	**$+29.5 (+18.6%)**	**$+19.2 (+3.3%)**

BACKGROUND OF 2003-05 BUDGET REQUEST, INCLUDING BOARD OF HIGHER EDUCATION PRIORITIES INCLUDED IN NEEDS BASED BUDGET REQUEST:

The State Board of Higher Education (SBHE) directed all NDUS entities to prepare a budget request consistent with Governor Hoeven's budget guidelines, which provided for a hold-even state general fund request for the campuses, Medical School, Forest Service and NDUS Office and a 95% state general fund request for the Experiment Stations, Extension Service, Upper Great Plains Transportation Institute and Northern Crops Institute.

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The guidelines indicated that the hold-even budget requests for the campuses, Medical School, Forest Service and NDUS Office should be prepared by identifying sources needed to cover the cost of: continuation of 2002-03 salary increases, 2003-05 operating inflation, 2003-05 employee health insurance increases and an annual average two percent salary increase for 2003-05. The general fund portion of these costs total approximately $17 million. The Board gave campuses discretion in the development of their plans to cover these costs from a combination of sources including: internal reallocation, new tuition revenues from enrollment growth and/or tuition rate increases or other revenue sources.

The budget plans for the 95% budget requests for the Experiment Stations, Extension Service, Upper Great Plains Transportation Institute and Northern Crops Institute also had to include the continuation of 2002-03 salary increases and 2003-05 operating inflation (totaling approximately $887,300); however, the 2003-05 employee health insurance increases and salary compensation package would be funded within the Executive Budget consistent with all other state agencies preparing 95% budget requests.

In addition, the Board approved the needs-based budget guidelines that were presented to them in April, which serves as the basis for the optional budget package requests. The needs based budget request **for the campuses and Medical School** are based upon the newly adopted long-term finance plan for operations and capital assets. The needs-based budget request includes the following increases for the campuses and Medical School:

Parity	$19,648,902
Equity	32,637,836
Subtotal	52,286,738
Capital assets*	10,480,865
Total needs based request	$62,767,603

*The capital assets total includes $10,230,489 for the campuses, $79,856 for the Forest Service and $170,520 for Extension/Experiment.

In addition, the Board approved the following for the needs-based request for the **Forest Service, Experiment Stations, Extension Service, Upper Great Plains Transportation Institute and Northern Crops Institute:**

Forest Service – No more than a total 12% general fund increase (or $212,264) over 2001-03 general fund appropriation (plus $79,856 for capital assets funding).

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Experiment Stations, Extension Service, Upper Great Plains Transportation Institute and Northern Crops Institute - Restoration of the 5% general fund reduction (from the 95% budget) plus no more than a 12% general fund increase over the adjusted 2001-03 general fund appropriation (plus $170,520 for capital assets funding):

5% Restoration	$2,572,144
12% Increase	6,172,246
Total Increase for Operations	$8,744,390

NDUS Office - The Board approved the following increases, totaling $8,966,925, for the NDUS Office needs based budget request, including increases for the NDUS Office, as well as increases for student grant programs and system-wide activities:

Restoration of reductions to self-fund increases in the hold-even request	$ 267,830
Technology pool increase	2,130,350
Student grant program increases	1,299,985
Board initiative pool increase	1,800,000
Disabled student services pool increase	51,560
"Connect ND" implementation	3,200,000
EPSCoR increase	200,000
Contingency pool increase	17,200
Total needs based increases	$ 8,966,925

Additional details regarding increases for student grant programs and system-wide activities include:

- ***Technology pool increase ($2,130,350)*** - Without additional funding in 2002-03, the technology pool must internally fund approximately **$800,000** to maintain funding for HECN, IVN, ODIN, UND/NDSU campus computing and NDUS-O at the 2002-03 level and increased software maintenance costs. In addition, **$417,000** is needed to fund the balance of the ODIN software replacement ***(subsequently reduced to $200,000 after time of budget preparation)***. Also included in this request is a 5% increase **($80,350)** over the 02-03 funding level for the NDUS-O, which provides enhanced investment in underwriting the development of on-line collaborative degrees including two-year, four-year and graduate. More detailed information can be found in the IT plan for the NDUS Office.

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Approximately **$400,000** is needed for expected network growth. In addition, **$433,000** is requested for upgrades for 3 Accord MCU's, which will provide increased port capacity for K-12 schools, NDUS campuses, ND Tribal Colleges and state agency videoconferencing systems that are likely to be added to STAGEnet between FY02 and FY05.

- ***Student grant program increases ($1,299,985)*** – Additional funding was requested for the following programs:
  "State Grant Program" ($508,585) – The State Grant Program awards a $600 per year grant to students demonstrating financial need. At the time the budget was prepared, it was estimated that an increase of $508,585 would be required in order for the State Grant Program to maintain funding at the 2002-03 funding level. This assumed no Minnesota reciprocity or federal fund revenues in 2003-05. With the increase in the optional package, it was estimated that funding would be available to award 2,700 grants per year in 2003-05, compared to 2,545 per year in the hold-even budget. **(Updated information subsequent to time of budget preparation-Due to new 2003-05 federal funding estimates of $200,000 and expected general fund carryover of $127,000, the increase in the optional package would provide enough additional funding to award a total of 2,970 grants per year in 2003-05.)**

  "Scholars Program" ($213,700) - The Scholar's Program consists of tuition scholarships awarded to encourage the "best and brightest" students to remain in the state. At the time the budget was prepared, it was estimated that an increase of $213,700 would be required in order for the Scholars Program to maintain funding at the 2002-03 level. This assumes no Minnesota reciprocity revenue in 2003-05. This increase, along with the amount included in the hold-even budget, would bring the 2003-05 request to $1,030,100 in general funds. Based on preliminary tuition rate estimates at the time the budget was prepared, this would have funded 47 new slots per year (compared to 22 new slots per year in the hold-even budget) and continuation of upperclassmen. **(Updated information subsequent to time of budget preparation-Due to higher anticipated tuition rates for 2003-05 and continuation of more upperclassmen, an increase of approximately $294,500 would be needed to fund the same number of new slots (47 per year) as was funded in 2001-03.)**

  "ND Indian Scholarship Program" ($19,900) - In order for the ND Indian Scholarship Program to receive a 10% funding increase over the 2002-03 level, an additional $19,900 is required. This increase, along with the $204,086 in the hold-even request, would fund this program at $224,000 for 2003-05. This would allow for 160 new grants per year, or 14 more per year than could be funded in the hold-even budget. The ND Indian Scholarship Program awards grants ranging from $700 to $2,000 per year based on scholastic ability and financial need for Native American students.

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"Professional Student Exchange Program (PSEP)" ($288,800) - In order for the Professional Student Exchange Program to maintain funding at the 2002-03 level of 65 total slots per year, an increase of $288,800 is required. This would bring the total 2003-05 request to $1,967,100, including the amount requested in the hold-even budget. With this additional funding, total new slots per year are estimated as follows (with the increase from the hold-even request noted in parenthesis): veterinary medicine=4-5 (an increase of 2-3 per year from the hold-even request); dentistry=6-7 (an increase of 3-4 per year from the hold-even request); optometry=6-7 (an increase of 2-3 per year from the hold-even request) and continuation of upperclassmen. The Professional Student Exchange Program provides programmatic access to ND students in veterinary medicine, dentistry and optometry at out-of-state institutions. Veterinary medicine and dentistry access are also available through the Minnesota reciprocity agreement, at no additional cost to the state of ND. During 2002, 28 ND students attended dentistry and 7 ND students attended veterinary medicine in Minnesota. **(Updated information subsequent to time of budget preparation-To maintain funding at the same number of new slots per year as 2002-03 (15), rather than the same number of total slots, an increase of $105,200 would be needed. This would fund a total of 60 slots per year, rather than the current level of 65 in 2002-03.)**

"Education Incentive Program (Teacher Shortage Loan Forgiveness Program)" ($82,000) - The Teacher Shortage Loan Forgiveness Program offers student loan forgiveness to teachers who teach in K-12 grade or content shortage areas. The award is up to $1,000 per student for up to five years. At the time the budget was prepared, it was estimated that an increase of $82,000 would be required to continue funding for the 162 current program cohorts with no new awards in 2003-05. This would provide total funding of $332,000 for 2003-05. **(Updated information subsequent to time of budget preparation-Due to a number of late awards, the revised estimated increase needed to continue funding for the 162 cohorts is $67,000. Without this increase, funding for 33 of the existing cohorts would be eliminated. In order to fund a comparable number of new awards in 2003-05, a total increase of $310,000 would be needed.)**

"Education Incentive Program (Technology Occupations Student Loan Program)" ($132,000) - Technology Occupations Student Loan Program reduces student loan debt by $1,000 per year for up to 5 years for those who graduated in a technology related field, completed an internship with a ND business and have been employed in a technology occupation in ND for one year. At the time the budget was prepared, it was estimated that an increase of $132,000 would be required to continue funding for the 196 current program cohorts with no new awards in 2003-05. This would provide total funding of $532,000 for 2003-05. **(Updated information subsequent to time of budget preparation-Due to a delay in applications when this program first began during the 2001-03 biennium, 63 cohorts were funded in FY02 and 133 in FY03. As a result, an**

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estimated $141,000 will be carried over to 2003-05, and this would provide funding for the 196 current cohorts, plus an additional 74 per year in 2003-05. If the same number of new awards were funded in 2003-05 as were funded in FY03, an increase of $250,000 would be needed in 2003-05).

"Education Incentive Program (Teacher Retraining Scholarship Program)" ($40,000) - The Teacher Retraining Scholarship Program reimburses elementary and secondary interim emergency license holders for tuition and fees related to completing courses required for full teaching licensure. A $2,000 scholarship is provided for up to 2 terms if a student carries 12 or more undergraduate or 9 or more graduate credits. Awards are made for three semesters each year, or six times during a biennium. Due to a delay in applications when this program first began, awards weren't given for all six semesters during the 2001-03 biennium. Approximately 6-7 were awarded during each of the semesters that were funded during the current biennium. An increase of $40,000 ***(subsequently updated to $45,600)*** would be required to maintain funding at 6-7 awards per semester for the Teacher Retraining Scholarship Program. This assumes awards of $4,400 per semester, including a stipend of $2,000 per student. Without the increase, only 4-5 students could be funded per semester during 2003-05.

"Education Incentive Program (Doctoral Graduates Program)" ($15,000) - In order for the Education Incentive Program to increase its funding for the Doctoral Graduates Program to $75,000, or $37,500 each for UND and NDSU, an increase of $15,000 is required. These funds are distributed equally to UND and NDSU to enhance graduate student stipends to better recruit graduate students. In 2001-03, UND and NDSU each received $30,000 of the $60,000 appropriation.

- ***Board initiative pool increase ($1,800,000)*** - In order to achieve an amount equal to two percent of the NDUS general fund appropriation over six years (consistent with the long-term financing plan), an increase of $1.8 million is needed. This would bring the total 2003-05 request to $3.5 million. The State Board of Higher Education Block Grant funding is distributed by the SBHE to support state and system priorities, including access, quality, collaboration, and responsiveness.

- ***Disabled student services pool increase ($51,560)*** - In order for the Disabled Student Services to increase their funding by 100%, an increase of $51,560 is needed. This would bring the total 2003-05 request to $103,120. This would allow the Disabled Student Services to support approximately 26 students per year at an average of $2,000 per student. Disabled Student Services provides funding to campuses to cover unplanned costs for adaptive learning services and equipment for disabled students. Approximately 900 disabled students per year are provided services by the NDUS, with funds from the NDUS disabled student services fund and the majority of the funds from campus sources.

- ***"Connect ND" implementation ($3,200,000)*** - This funding, of $3.2 million, is needed to cover the NDUS implementation costs including position backfill, compensation, training, implementation site costs, customization and hosting in 2003-05. Funding for ERP supports software, consulting, and implementation costs of the new administrative software system, which includes financial, human resources and student administration systems. If this $3.2 million increase is funded, a tuition surcharge in 2003-05 will not be implemented. Without the $3.2 million state funding increase, all students will be assessed this surcharge to help pay for the project.

- ***EPSCoR increase ($200,000)*** - To allow for a 5% increase over the 2001-03 appropriation for EPSCoR, $200,000 is required. This would bring the total 2003-05 request to $4,200,000. This would generate an estimated $9.4 million in federal and private funds. This program helps to expand the state's science and technology capacity.

- ***Contingency pool increase ($17,200)*** - In order to achieve a 5% increase over the 2001-03 appropriation, a funding increase of $17,200 is required. This would bring the total 2003-05 request to $361,525. This amount is equal to 0.10% of the total biennial state general fund appropriation for the NDUS (excluding related entities). The Contingency and Capital Improvements Emergency Block Grant enables the SBHE to respond to unexpected emergencies and opportunities, not anticipated in the biennial budget request.

The hold-even and 95% general fund budget requests, excluding major capital projects and capital bond payments, totaled $401.18 million for the North Dakota University System. Including major capital projects and capital bond payments, the total hold-even/95% general fund request was $450.4 million.

The needs based general fund budget requests, excluding major capital projects and capital bond payments, totaled $481.87 million for the NDUS. Including major capital projects and capital bond payments, the total needs based general fund request was $531.1 million.

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DESCRIPTION OF SIGNIFICANT ITEMS INCLUDED IN ENGROSSED HB's 1003, 1021 and 1023

Operations/Capital Assets:

Engrossed HB 1003 includes two line items for the campuses and Medical School, "operations" and "capital assets." Operations include salaries, operating and equipment funding. The capital assets line consists of extraordinary repairs and major capital assets, and a detailed schedule is provided on page 23. Engrossed HB's 1003 and 1021 include approximately $7.3 million for extraordinary repairs ($6.9 million for the campuses, $31,061 for the Forest Service and $415,300 for the Research Stations), which is roughly equivalent to the amount included for the 2001-03 biennium. The $6.9 million provides an average funding level of .36% of plant and infrastructure value per year for the campuses. It provides a 228-year replacement cycle for all state facilities located on the campuses, excluding infrastructure. The goals of the NDUS capital assets plan is to reach 100% of OMB building and infrastructure formulas phased in over 10 years and 100% of outstanding deferred maintenance phased in over 14 years. In order to meet these goals, an additional $10.5 million would be needed for the 2003-05 biennium.

Engrossed HB's 1003, 1021 and 1023 include approximately $112.6 million for major capital projects, and a detailed schedule by campus can be found on pages 24-25. The funding sources recommended for these projects are: $1,310,000 in general funds for the establishment of an escrow account to address 2005-07 bond repayments for state bonded projects at DSU, MaSU and VCSU; $3,029,191 in state bonding for energy improvement projects at UND and NDSU (to be repaid from campus utility savings); $8,022,347 in state bonding for projects at DSU, MaSU and VCSU; $42.46 million revenue bonding; and $57,573,920 in other funds.

Income:

All revenue, including tuition and local funds, has been excluded from the budgets of the campuses and Medical School in Engrossed HB 1003. This is consistent with the 2001-03 appropriation as enacted by the legislature and the expectations and recommendations of the Higher Ed Roundtable. The only revenue that has been included in the campus budgets relates to major capital projects.

The budgets for the Forest Service, Upper Great Plains Transportation Institute, Northern Crops Institute, Extension/Research do include appropriated revenue amounts for grants, contracts and miscellaneous other revenue.

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North Dakota University System Office:

System Governance – Engrossed HB 1003 includes $4,479,337 for system governance. This will fund the salaries, operating and equipment needs of the Board, NDUS office staff, the College Technical Administration (CTEC) and the State Approving Agency ($161,333 federal funds). CTEC was previously appropriated in a separate line item.

Student Grant Programs – Engrossed HB 1003 includes $7,958,969 to fund the student financial assistance grants, scholars, ND Indian scholarship, professional student exchange and education incentive programs. Funding sources include $6,258,969 general funds, $200,000 federal funds and $1.5 million special funds. The House added the $1.5 million special fund authority for potential receipts from the Minnesota-North Dakota reciprocity agreement. However, none are expected at this time. A more detailed analysis of the student grant programs can be found on page 28.

System Grant Programs – Separate line items are provided for the following system-wide programs, totaling $37,433,515 ($35,281,841 general funds and $2,151,674 other funds):

- *EPSCoR and Centers for Excellence ($7 million general fund)* – Engrossed HB 1003 includes a section of legislative intent regarding the use of $2 million of the total for "Centers for Excellence", indicating that it is "for private partnership research efforts that focus on research that will have a positive impact on the state's economy and gross state product, including research efforts that emphasize aerospace, biotechnology, energy, medicine and technology transfer." The remaining $5 million for EPSCoR, includes $1 million increase over the 2001-03 funding level. These funds are passed thru to UND and NDSU to provide a partial match for competitive research grants.
- *Title II Grant ($695,600 federal funds)* – An increase of $161,600 is included for this federally funded program. This funding is distributed on a competitive basis to institutions of higher education and organizations to provide services to elementary and secondary teachers to improve the teaching-learning process in mathematics and science.
- *Contingency and Capital Emergency Fund ($1,752,767 total; $296,693 general fund & $1,456,074 other funds)* – The 2001-03 adjusted appropriation included general funds totaling $1,221,693 for the disabled student services ($51,560), equity and special needs ($925,824) and contingency and capital emergency funds ($244,309). Engrossed HB 1003 consolidates these three line items into the contingency and capital emergency fund, for a total of $296,693, and also includes $1,456,074 for UND/NDSU disaster repayments from the water development trust fund. The net increase to the fund is $531,074, consisting of an increase in other funding from the water development trust fund of $1,456,074 for the disaster repayments, offset by a $925,000 decrease in general funds.

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- *Technology Pool ($26,135,148 general fund)* - This pool includes base funding for the Chief Information Officer, IVN, ODIN, HECN and the UND/NDSU campus computer centers. It represents a decrease of $1.6 million from the 2001-03 adjusted appropriation. This was the amount that was earmarked to connect IVN to the K-12 network and all other state agencies during the current biennium.
- *Professional Liability Insurance ($1,850,000 general fund)* – This funds an increase in the professional liability insurance premiums for the UND School of Medicine and Health Sciences.

Board Initiatives – This general fund block grant, totaling $435,306, will be used to address SBHE and statewide priorities, consistent with the recommendations of the Roundtable, and represents a decrease of $100,000 to the adjusted 2001-03 general fund appropriation.

Capital Bond Payments - The NDUS budget includes $12,790,689 ($11,448,189-general fund and $1,342,500 other funds) for capital construction bond payments. These payments are included in the total capital assets line of Engrossed HB 1003.

Connect ND – Engrossed HB 1022 for the Information Technology Department (ITD) includes $3.6 million from the general fund to ITD. This $3.6 million, along with the $7.5 million in general fund appropriated in 01-03 for the project, is intended to cover the state's share of the cost of the project. The bill authorizes $16.4 million from special funds (revenue bond proceeds or other available sources) for the NDUS to complete the project.

Upper Great Plains Transportation Institute, Northern Crops Institute, Extension and Experiment Static s:

The budgets for UGPTI, NCI, Extension/Research are at the 95% budget request level, plus increases for health insurance consistent with all other state agencies (except the 11 campuses). In addition, the Main Research Center includes $995,408 general funds and $250,000 from the Minor Use Pesticide Fund that can be used by the State Board of Agricultural Research and Education (SBARE) to restore funds or for new priorities.

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State Board of Higher Education's Recommended Positions on 2003-05 Budgets Related to the North Dakota University System

February 26, 2003

- Support the flexibility with accountability legislation as permanent statute.
- Support block grant/pooled appropriations to the State Board of Higher Education (SBHE or board) for allocation to the campuses and programs. Pooled "campus operations" funding would most likely be allocated by the SBHE based on the SBHE long-term finance plan[1].
- Restore funding for workforce training to the Board for Vocational Education's budget (Engrossed HB1020) or put the funding directly into Engrossed HB1003, rather than the Dept. of Commerce's budget (Engrossed HB1019); and, also remove language in Engrossed HB1019 that makes the Dept. of Commerce the fiscal agent and administrator for workforce development and training funds. This provision is contrary to the recommendations of the statewide Task Force for Improving Workforce Development, which was adopted by the 1999 Legislative Assembly. It is also contrary to the business and economic development community's position. The provision also appears to be in direct conflict with the constitutional provision, which makes the SBHE responsible for the control and administration of the campuses since the workforce training units are an integrated part of the core operations of the campuses.
- Support amending legislative intent in Engrossed HB1003 on Centers of Excellence as recommended by Governor Hoeven as follows: "Centers of Excellence are focused areas of instruction and research and may serve as a vehicle for expanding educational access through collaboration."
- Support restoration of internship funding in HB1003. Since campuses already administer student internship programs, campus administration of this funding would minimize administrative costs, ensure students enjoy a rich experience consistent with their academic program, and ensure one-stop shop for students and employers for better customer service.
- Reinstate authority to permit the transfer of funds from operations to capital assets. This is necessary to deal with emergency or unforeseen capital asset needs during the biennium.
- Retain current accountability measures enacted in 2001, until reporting on all measures is fully phased in. Following full implementation of the existing measures, the Roundtable review and recommend changes to the measures.

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- Support bonding in Engrossed HB1003 for SBHE's first three major capital project priorities (DSU Murphy Hall Addition – Phase I; MaSU Steamline Replacement – Phase II; VCSU Graichen Gym Elevator and Emergency Exits).
- Support bonding in Engrossed HB1023 for energy improvement projects at UND and NDSU.
- Oppose reductions to the Executive Budget for information technology per Engrossed HB1022 legislative intent. The SBHE is also concerned about the component of the bill requiring audits of IT management, planning, etc.... The proposed audit component is inconsistent with the Roundtable recommendation to "revise audit processes to ensure consistency with the principles contained in this report which promote campus flexibility with accountability and with emphasis on materiality" – accountable for agreed-upon set of outcome, not input, performance measures. Responding to these audit requests and reports will result in additional costs to the NDUS. Oppose the limitation on providing wide-area network and telecommunications services to the private sector, charitable, and non-profit entities where it affects partnerships.
- Recommend transfer of $250,000 from the School of Medicine to UND consistent with the NDUS budget request and the Executive Budget.
- Express concern with legislatively targeted investments in specific campus initiatives and projects which were not included in the SBHE budget request since it is not consistent with the SBHE's Long-Term Finance plan. Support restoration of $100,000 to SBHE Initiative line for targeted investments consistent with the SBHE's strategic plan and priorities.
- Restore the following funds in Engrossed HB1003 which were in the Executive Budget but reduced in the House:
  - $5,867,371 for campus operations
  - $ 100,000 for Board initiatives
  - $1,651,629 for major capital projects pool to SBHE
  - $ 76,000 for campus repairs
  - $3,000,000 for Centers of Excellence
  - $1,000,000 for student internships in HB1019
- Fund the following costs to continue in Engrossed HB1003 which were not included in the Executive or House Budget:
  - $ 2,139,444 for continuation of FY03 salary increases
  - $ 4,512,177 for increased employee health insurance premiums
  - $ 3,807,357 for non-salary operating inflation, including utilities
  - $ 7,018,637 for 2% annual salary increases

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- ➢ $ 1,005,272 Fund additional costs to sustain current number of awards for Technology Occupations Student Loan Program, Teacher Shortage Loan Forgiveness Program, Teacher Retraining Scholarship Program, Doctoral Program, Professional Student Exchange Program (PSEP) and the Scholars Program

- $ 3,200,000 State general fund support of ConnectND for 2003-05 biennium consistent with the position of the ND Student Association that the state pay for this infrastructure cost in future biennia thereby eliminating the ConnectND student fee.
- $ 400,000 Provide funding of expected network growth for voice, video, and data to support classroom instruction, research and distance education.
- $ 433,000 Provide funding for equipment upgrades for IVN to support increases port capacity for K-12, NDUS, tribal colleges, and state agency video conferencing use.
- $ 200,000 Provide funding for the balance of the ODIN software replacement.
- Fund the following costs to continue in Engrossed HB1021 which are not included in the House Budget for Extension Service, Experiment Centers, NCI and UGPTI:
  - ➢ $ 494,618 for the continuation of FY03 salary increases
  - ➢ $ 383,930 for non-salary operating inflation
  - ➢ $1,189,140 for 2% annual salary increases
- Fund the following other costs in Engrossed HB1021 for Extension and Experiment:
  - ➢ $ 1,600,000 restore general fund to 100% of 2001-03 adjusted appropriation.
  - ➢ $ 1,370,690 restore vacant FTE's – other funds (Extension 6.0; Main Research 9.36; Hettinger 1.0). These were in the Executive Budget.

[1] The Long-Term Finance plan mandates that *current* general fund appropriations not be reallocated among campuses. The plan also requires a portion of *increased* state general appropriations to be allocated both to parity (e.g. inflation, salary and health insurance increases, etc.) and to resolve equity differentials based on campus peer benchmarks and unique state/student funding shares. Funding parity is the first priority; however, no more than 80% of all new funding should be allocated to parity and no less than 20% of new funds be allocated to equity.

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NORTH DAKOTA UNIVERSITY SYSTEM
HISTORY OF LEGISLATIVE APPROPRIATIONS
Excludes Major Capital Projects & Capital Bond Payments
(In millions of dollars)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	NDSU Dickinson, Minot Component & Bismarck School			Extension and Experiment			Other Entities 1/			Total All Entities		
Years	General Fund	Income 3/	Total	General Fund	Income	Total	General Fund	Income	Total	General Fund	Income	Total
A. 2003-05 Engrossed HB's 1003 & 1021 2/	$347.28	$4.01	$351.29	$50.86	$70.78	$121.64	$1.77	$0.98	$2.75	$399.91	$75.77	$475.68
B. 2003-05 Needs-Based Budget Request 2/	$422.03	$1.06	$423.09	$57.78	$71.35	$129.13	$2.06	$0.97	$3.03	$481.87	$73.38	$555.25
C. 2003-05 Hold-Even Budget Request 2/	$350.54	$1.06	$351.60	$48.87	$71.20	$120.07	$1.77	$0.97	$2.74	$401.18	$73.23	$474.41
D. 2001-03 Adjusted Appropriation 2/	$354.08	$17.76	$371.84	$51.62	$61.28	$112.90	$1.85	$1.12	$2.97	$407.55	$80.16	$487.71
E. 1999-01 Adjusted Appropriation 2/	$321.35	$170.39	$491.74	$47.27	$49.34	$96.61	$1.70	$0.90	$2.60	$370.32	$220.63	$590.95
F. 1997-99 Adjusted Appropriation 2/	$301.25	$203.23	$504.48	$44.08	$44.62	$88.70	$1.64	$0.81	$2.45	$346.97	$248.66	$595.63
G. 1995-97 Adjusted Appropriation 2/	$266.45	$188.29	$454.74	$39.47	$38.96	$78.43	$1.34	$0.82	$2.16	$307.26	$228.07	$535.33
H. 1993-95 Adjusted Appropriation 2/	$251.54	$179.87	$431.41	$36.96	$38.69	$75.65	$1.32	$26.33	$27.65	$289.82	$244.89	$534.71
I. 1981-83 Appropriation	$216.58	$64.01	$280.59	$30.27	$26.65	$56.92	$1.62	$23.01	$24.63	$248.47	$113.67	$362.14

NOTES:
1/ Other Entities includes Forest Service and, prior to 1995-97, the UND-Rehab. Hospital. Does not include the State Toxicologist.
2/ The amounts do not include major capital projects and capital bond payments. Major capital projects included in the 2003-05 budget request total $36.95 million general funds and $112.76 million other funds, for a total of $149.71 million. Major capital projects included in the 2003-05 engrossed HB's 1003, 1021 and 1023 total $1.31 million general fund (escrow) and $111.27 million other funds, for a total of $112.58 million. Engrossed HB 1003 also includes $11,448,189 general fund and $1,342,500 other funds for capital bond payments.
3/ All income from the component and Medcenter School are excluded from the 2001-03 adjusted appropriations and 2003-05 budget request and executive recommendation.

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North Dakota University System
Summary of General Fund Decreases
Per Engrossed HB's 1003 and 1021

	(1) Campuses, Med School, Forest Service & NDUS Office (HB1003)	(2) UGPTI, NCI, Extension & Research (HB 1021)	(3) Total
2001-03 Original General Fund Appropriation, Including Major Capital Projects	$ 366,953,836	$ 51,742,895	$ 418,696,731
Adjustments to Original Appropriation:			
General fund carryover	3,269,407	180,533	3,449,940
Flood appropriation carryover-NDSU	1,111,760		1,111,760
Apply back emergency clause-NDSCS	(239,730)		(239,730)
2001-03 Adjusted General Fund Appropriation, Including Major Capital Projects and General Fund Carryover	371,095,273	51,923,428	423,018,701
2003-05 Engrossed Budget	361,808,443	50,862,003	412,670,446
Change From Original General Fund Appropriation:			
Decrease	$ (5,145,393)	$ (880,892)	$ (6,026,285)
Percent Decrease	-1.40%	-1.70%	-1.44%
Change From Adj General Fund Appropriation:			
Decrease	$ (9,286,830)	$ (1,061,425)	$ (10,348,255)
Percent Decrease	-2.50%	-2.04%	-2.45%

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North Dakota University System
(NDUS Office, Campuses, Forest Service and UND School of Medicine & Health Sciences)
Summary of House Amendments to HB 1003

Amendments to General Fund and Student Loan Trust Funds

	NDUS Office	11 Campuses & Med School	Forest Service	Total
General Fund & Student Loan Trust Funds Included in Executive Recommendation *(Includes $17,288,969 from Student Loan Trust Fund)*	$ 368,337,866	$ -	$ 1,835,267	$ 371,162,862
House Amendments:				
Reallocations:				
Allocate operations to campuses and Medical School 1/	(298,415,187)	298,415,187		-
Allocate extraordinary repairs to campuses 2/	(8,856,186)	8,856,186		-
Total Reallocations	(308,271,373)	308,271,373	-	-
Increases to Executive Recommendation:				
Increases funding for EPSCoR 3/	1,000,000			1,000,000
Provides funding for professional liability insurance for the Medical School 4/	1,850,000			1,850,000
Increases funding for UND for Nordic initiative and marketing for World Jr Hockey Tournament 5/		100,000		100,000
Increases funding for MaSU for improvements in Old Main 6/		50,000		50,000
Increases base funding for Med School 7/		395,000		395,000
Total Increases	2,850,000	545,000	-	3,395,000
Reductions to Executive Recommendation:				
Reduces funding for extraordinary repairs 8/	(76,000)			(76,000)
Reduces funding for capital projects 9/	(1,851,829)			(1,851,829)
Reduces funding for board initiatives 10/	(100,000)			(100,000)
Reduces funding for Centers for Excellence 11/	(3,000,000)			(3,000,000)
Removes funding for student internship programs 12/	(2,000,000)			(2,000,000)
Reduces funding for operations for campuses, Med School and Forest Service 13/		(5,833,514)	(33,857)	(5,867,371)
Removes funding for salary increases for the NDUS Office & Forest Service 14/	(36,294)		(18,126)	(54,419)
Total Reductions	(6,963,923)	(5,833,514)	(51,982)	(12,749,419)
Net Adjustments to General Fund & Student Loan Trust Funds	(310,385,296)	303,982,859	(51,982)	(6,354,419)
General Fund per House Version (Includes $13,288,969 transferred from Student Loan Trust Funds)	$ 59,952,569	$ 308,982,859	$ 1,773,275	$ 361,808,443

Amendments to Other Funds

	NDUS Office	11 Campuses & Med School	Forest Service	Total Other Funds
Other Funds included in Executive Recommendation	$ 96,239,763	$ -	$ 1,888,881	$ 98,328,764
House Amendments:				
Reallocations:				
Allocate major capital projects to campuses 15/	(94,278,828)	94,278,828		-
Increases to Executive Recommendation:				
Increase other funding authority for student financial assistance grants 16/	1,500,000			1,500,000
Provides bonding authority for capital projects at DSU, MaSU and VCSU 17/		11,322,347		11,322,347
Total Increases	1,500,000	11,322,347	-	12,822,347
Reductions to Executive Recommendation:				
Remove bonding authority for Corrections 18/	(105,328)			(105,328)
Net Adjustments to Other Funds	(92,884,348)	105,601,267	-	12,717,821
Other Funds per House Version	$ 3,355,517	$ 105,601,267	$ 1,888,881	$ 112,046,785

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North Dakota University System
(NDUS Office, Campuses, Forest Service and UND School of Medicine & Health Sciences)
Summary of House Amendments to HB 1003

FOOTNOTES TO AMENDMENTS:

1/ Allocates funding from the general fund provided in the NDUS "Campus Operations" line to the individual campuses and Medical School, based on the 2003-05 hold even requests, with the exception of UND and the Medical School. Included in this amendment is a reallocation of $250,000 from UND to the Medical School.
2/ Allocates funding from the general fund provided in the NDUS "Capital Assets" line to the individual campuses, based on the 2003-05 hold even requests for extraordinary repairs.
3/ Increases funding for EPSCoR by $1 million from the general fund.
4/ Provides $1,850,000 from the general fund to the NDUS Office for professional liability insurance coverage for the Medical School.
5/ Provides $50,000 to UND for the Nordic Initiative and $50,000 for a grant to the UND Athletic Department for a Canadian marketing initiative relating to the 2005 World Junior Hockey Tournament.
6/ Provides $50,000 to MaSU for improvements to Old Main.
7/ Increases funding to the Medical School by $395,000.
8/ Reduces funding for extraordinary repairs by $78,000 from the executive recommendation.
9/ The executive recommendation included $2,961,629 for a major capital projects pool. This amendment removes $1,661,629 from this pool of funds.
10/ Reduces funding for board initiatives by $100,000.
11/ Reduces funding for Centers for Excellence by $3 million and changes funding source of remaining $2 million from the student loan trust fund to the general fund.
12/ Removes $2 million for new student internship program, funded from the student loan trust fund. However, $1 million is included in HB 1019 to the Dept of Commerce for this program.
13/ Reduces general fund operations at campuses, Medical School and Forest Service.
14/ Removes funding for 2003-05 salary increases for the NDUS Office and Forest Service.
15/ Allocates $94,278,920 of special funds provided in the NDUS "Capital Assets" line to the individual campuses.
16/ Increases special fund spending authority for student financial assistance grants, related to potential receipts from the ND-Mn reciprocity agreement.
17/ Provides state bonding authority for the following projects: DSU - $5,882,047 for Murphy Hall Phase I Addition; MaSU - $1,356,000 for Steamline Replacement Phase II; VCSU - $785,300 for Graichen Gymnasium Elevator and Emergency Exits. In addition, it provides $3.3 million revenue bond authority to VCSU for Kolstoe Hall Renovation. This amendment also establishes an escrow account of up to $1,310,000, from the general fund amount appropriated for capital assets in the NDUS Office, and $280,000 from DSU local fund sources for the first 2 annual lease rental payments for retirement of the bonds.
18/ Removes $105,326 that was included in HB1003 for an energy improvement project at the Department of Corrections.

OTHER CHANGES TO ORIGINAL HB 1003:

* Adds a section providing a transfer of $13,258,969 from the student loan trust fund to the general fund.

* Adds legislative intent regarding use of $2 million for "Centers for Excellence," indicating that it is "for private partnership research efforts that focus on research that will have a positive impact on the state's economy and gross state product, including research efforts that emphasize aerospace, biotechnology, energy, medicine, and technology transfer."

* Amends NDCC Section 15-10-06 relating to compensation for SBHE members, increasing compensation from $62.50 per day to $100 per day devoted to duties of the office. No additional funds were appropriated for this purpose.

* Removes Section 13 of the bill as introduced, relating to the ability of the SBHE to authorize transfers from campus operations to capital assets.

* Amends Section 17 of the bill as introduced, to provide revenue bond authority and appropriate revenue bond proceeds for the following projects:

BSC - Student Apartments	$	1,785,000
LRSC - North Hall Residence Hall Renovation	$	375,000
MaSU - Fieldhouse Renovation and Addition	$	3,000,000
NDSU - Bison Court Construction	$	11,000,000
UND - Airport Hangar	$	2,000,000
UND - Wellness Center	$	6,000,000
UND - Athletic Complex	$	13,000,000
VCSU - Kolstoe Hall Renovation	$	3,300,000

This section was also amended to appropriate $1 million of special funds to MaSU for additional funds to assist in the renovation & addition of the fieldhouse.

* Incorporates the provisions of HB 1039 relating to the appropriation of special funds, HB 1040 relating to the carryover of unexpended appropriations, HB 1041 relating to the NDUS budget request and appropriations bill that would expire on June 30, 2005, and HB 1042 relating to higher education accountability measures.

* Adds two additional accountability measures:
  -Economic Development (2.d.) "Number of students employed in major field of study six months and eighteen months after graduation."
  -Student Affordability (4.d.) "Average number of semesters completed per baccalaureate degree graduate."

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North Dakota University System
(Extension Service, Main & Branch Research Stations, Northern Crops Institute, Upper Great Plains Transportation Institute and Agronomy Seed Farm)
Summary of House Amendments to HB 1021

Amendments to General Fund

	Extension Service	Main Research Station	Branch Centers	NCI	UGPTI	Agronomy Seed Farm	Total General Fund
General Fund per Executive Recommendation	$ 14,102,119	$ 28,581,944	$ 7,547,944	$ 753,369	$ 497,529	$ -	$ 51,442,895
House Amendments:							
Remove funding for salary increases 1/	(186,441)	(314,140)	(69,670)	(6,400)	(4,241)	-	(580,892)
General Fund per House Version	$ 13,915,678	$ 28,237,804	$ 7,478,274	$ 746,969	$ 493,288	$ -	$ 50,862,003

1/ Removes Governor's recommendation for state employee salary increases.

Amendments to Other Funds

	Extension Service	Main Research Station	Branch Centers	NCI	UGPTI	Agronomy Seed Farm	Total Other Funds
Other Funds per Executive Recommendation	$ 21,239,318	$ 32,404,239	$ 8,983,676	$ 782,898	$ 10,413,762	$ 1,170,386	$ 74,994,279
House Amendments:							
Remove funding for salary increases 1/	(107,632)	(144,467)	(15,580)	(5,073)	(48,986)	(3,471)	(325,189)
Remove vacant FTE's 2/	(547,103)	(739,918)	(83,669)				(1,370,690)
Transfer Extension Service FTE 3/	(84,405)		84,405				-
Total Other Fund Adjustments to Exec Recomm	(739,140)	(884,385)	(14,824)	(5,073)	(48,986)	(3,471)	(1,695,879)
Other Funds per House Version	$ 20,500,178	$ 31,519,854	$ 8,968,852	$ 777,825	$ 10,364,776	$ 1,166,914	$ 73,298,399

1/ Removes Governor's recommendation for state employee salary increases.
2/ Removes "other funded" vacant fte positions as follows: Extension Service - 6.0 FTE; Main Station - 9.36 FTE; Hettinger Research Center - 1.0 FTE.
3/ Transfers Extension Service FTE postion from Bismarck extension office to Dickinson Research Center.

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NDUS Campuses and Medical School
Impact of Hold-even Budget Request (General Fund and Tuition)
(As of February 2003)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Hold-even Impact (Note 1)			Funding Sources To Fund Total Impact from Column 3 in the Hold-Even Budget Request							
					Tuition Sources						
	General Fund (Note 3)	Tuition Funds (Note 2)	Total	Internal Reallocation & Reductions	Continuation of 02-03 Tuition Rate Increases	03-05 Tuition Rate Increases (Note 4)	Enrollment Growth	Total Tuition Sources	Other Revenues	2.5% Operating Inflation Not Funded	Total
BSC	1,002,141	904,978	1,907,119	397,200	196,000	1,117,919		1,312,919	197,000		1,907,119
LRSC	275,400	91,800	367,200	85,000	90,000	222,200		282,200			367,200
WSC	430,449	290,971	721,420	406,873	101,141	211,406		312,547			721,420
UND/Med School	6,527,836	16,952,721	23,480,557		3,054,109	20,426,448		23,480,557			23,480,557
NDSU	4,327,962	10,918,051	15,246,013		1,319,875	12,253,912	871,200	14,444,987	801,026		15,246,013
NDSCS	1,392,455	481,395	1,873,850	762,550	133,725	977,575		1,111,300			1,873,850
DSU	847,915	1,153,819	2,001,734	-	237,824	1,554,720	209,190	2,001,734			2,001,734
MaSU	449,297	216,503	665,800	-	96,018	494,408	75,374	665,800			665,800
MiSU	1,371,293	736,390	2,109,683	320,036	162,478	2,048,887	(421,728)	1,789,647	-	-	2,109,683
VCSU	612,306	401,473	1,013,779	-	80,000	754,779	154,000	988,779	25,000		1,013,779
MiSU-BC	240,561	104,351	344,912	99,006	36,000	210,906		245,906			344,912
TOTAL	17,477,615	32,254,462	49,732,087	2,072,665	5,475,170	40,273,170	888,036	46,636,378	1,023,026	-	49,732,087

NOTES:

Note 1: The hold-even impact includes the cost of self-funding the cost to continue FY03 legislatively funded salary increases (as well as additional increases given through internal reallocation), 2.5% per year operating inflation, 20.43% health insurance increases and the cost of a 2% per year salary increase for 2003-05. In addition, tuition totals (column 2) for WSC, UND, NDSU & DSU include additional tuition needed to make further progress towards salary targets and other strategic goals.

Note 2: The amounts in column 2 will be used to fund a portion of the costs in the hold-even budget, plus the continuation of additional salary increases from 02-03, enrollment growth and additional costs.

Note 3: The following chart details the funding sources to fund the impact on the general fund portion (only) of the hold-even budget:

	Funding Sources To Fund General Fund Impact (ONLY) from Column 1						
		Tuition Sources					
	Internal Reallocation & Reductions	Continuation of 02-03 Tuition Rate Increases	03-05 Tuition Rate Increases	Enrollment Growth	Total Tuition Sources	Other Revenues	2.5% Operating Inflation Not Funded	Total
BSC	397,200		407,941		407,941	197,000		1,002,141
LRSC	53,200		222,200		222,200			275,400
WSC	117,901	101,142	211,406		312,548			430,449
UND/Med School			6,527,836		6,527,836			6,527,836
NDSU			3,526,936		3,526,936	801,026		4,327,962
NDSCS	762,550		629,905		629,905			1,392,455
DSU			847,915		847,915			847,915
MaSU	-		373,923	75,374	449,297			449,297
MiSU	320,036		1,472,886	(421,728)	1,051,257	-	-	1,371,293
VCSU	-		433,306	154,000	587,306	25,000		612,306
MiSU-BC	99,006		141,555		141,555			240,561
	1,749,893	101,142	14,795,906	(192,354)	14,704,896	1,023,026	-	17,477,815

Note 4: The following tuition rate increases will generate the additional tuition revenue reflected in column 6 above, and are based on hold-even budgets. Additional tuition increases and/or program eliminations and reductions would occur if final budget appropriations are less then a hold-even level.

Tuition Increases to Cover General Fund & Tuition Portion of Costs				
	Dollar Per Year	% Increase	Amount Generated	
BSC (Maybe small incr 2nd yr)	$235 (1st year)	11.70%	$ 1,117,919	
LRSC	$185	10.40%	222,200	
WSC	$109	6.00%	211,406	
UND	$435	14.72%	15,721,942	20,426,448
Medical School	$1,484	11.04%	4,704,506	
NDSU	$470	16.2-13.84%	12,253,912	
NDSCS	$267	15.00%	977,575	
DSU	$353/$409	16.00%	1,554,720	
MaSU	$310	13.20%	494,408	
MiSU	$267/291	11.00%	2,048,887	
VCSU	$344	15.70%	754,779	
MiSU-BC	$201	11.30%	210,906	
			$ 40,273,170	

Tuition Increases to Cover General Fund Portion Only				
	Dollar Per Year	% Increase	Amount Generated	
BSC	$89 (1st year)	4.30%	$ 407,941	
LRSC	$185	10.40%	222,200	
WSC	$109	6.00%	211,406	
UND	$147	4.98%	5,163,748	6,527,836
Med School	$904	6.72%	1,364,088	
NDSU	$135	4.30%	3,526,936	
NDSCS	$173	9.70%	629,905	
DSU	$220	10.00%	847,915	
MaSU	$234	9.90%	373,923	
MiSU	$188	7.80%	1,472,886	
VCSU	$198	9.00%	433,306	
MiSU-BC	$135	7.80%	141,555	
			$ 14,795,906	

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NORTH DAKOTA UNIVERSITY SYSTEM
SUMMARY OF OUTSTANDING DEFERRED MAINTENANCE NEEDS
(Excludes 2003-05 Renovation and New Construction Major Capital Project Requests)
2003-05 Biennium (As of April 2002)
State Funds

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Category I	Category 2	Category 3		Total Outstanding	2003-05	Unfunded Needs
Name	Health & Safety	ADA	Networking	Major Repairs	Needs-Categories 1-3	Engrossed Bills	Categories 1-3
BSC	$207,000	$163,500	$0	$1,452,055	$1,822,555	250,000	$1,572,555
LRSC	30,360	24,328	68,841	203,797	327,026	44,831	282,195
WSC	40,000	25,438	60,000	1,099,500	1,224,938	88,790	1,136,148
UND	540,315	3,834,889	2,679,904	17,870,303	24,925,411	2,362,136	22,563,275
NDSU	599,954	1,311,505	321,250	18,809,623	21,042,332	1,737,531	19,304,801
NDSCS	1,001,000	94,000	0	4,287,158	5,382,158	773,500	4,608,658
DSU	1,351,624	466,677	5,061,254	1,315,595	8,215,150	393,962	7,821,188
MaSU	426,600	764,200	0	4,562,100	5,752,900	214,589	5,538,311
MiSU	544,000	438,000	121,700	1,195,000	2,298,700	612,850	1,685,850
VCSU	54,000	310,000	0	5,485,400	5,849,400	265,334	5,584,066
MiSU-BC	37,217	465,469	0	1,035,964	1,538,650	112,663	1,425,987
ND Forest Service	38,200	50,000	0	295,855	384,055	31,061	352,994
Experiment Stations	60,000	17,000	0	629,000	706,000	415,300	290,700
TOTAL	**$4,929,970**	**$7,965,006**	**$8,332,949**	**$58,241,350**	**$79,469,275**	**$7,382,647**	**$72,186,728**

NOTES:
Category 3 (major repairs) consists of roofs, streets, sidewalks, parking lots, curb, gutter, mechanical systems, HVAC, heating plant and electrical projects.

Column 6 includes extraordinary repairs that are included in Engrossed HB's 1003 and 1021.

j:\cathy\excelfil\03-05 House\Outstanding deferred maintenance needs

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9/30/03
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NORTH DAKOTA UNIVERSITY SYSTEM
CAPITAL ASSETS (Extraordinary Repairs and Major Capital Projects)

Institution	(1) 2005-07 Engrossed HB's 1003, 1021 & 1023		(3)	(4) 2005-07 Budget Adjustments		(6)	(7) 2005-07 Total		(9)	(10)	(11)	(12)
	Extraordinary Repairs	Major Capital Projects	TOTAL	Extraordinary Repairs	Major Capital Projects	TOTAL	Extraordinary Repairs	Major Capital Projects	TOTAL	Extraordinary Repairs	Major Capital Projects	TOTAL
BSC	$250,000	$1,785,000	$2,035,000	$250,000	$10,085,000	$10,335,000	$250,000	$596,000	$846,000	$0	$1,189,000	$1,189,000
LRSC	44,831	375,000	419,831	44,831	1,562,500	1,607,331	74,831	325,000	399,831	(30,000)	50,000	20,000
WSC	88,790	0	88,790	88,790	472,000	560,790	88,790	0	88,790	0	0	0
UND	2,362,136	55,251,214	57,613,350	2,362,136	58,751,214	61,113,350	2,362,136	18,841,785	21,203,921	0	36,409,429	36,409,429
NDSU	1,737,531	27,077,977	28,815,506	1,737,531	36,977,977	38,715,506	1,737,531	35,366,348	37,103,879	0	(8,288,371)	(8,288,371)
NDSCS	773,500	3,868,920	4,642,420	773,500	7,768,920	8,542,420	773,500	7,086,990	7,860,490	0	(3,418,070)	(3,418,070)
DSU	393,962	10,882,047	11,276,009	393,962	10,882,047	11,276,009	393,962	4,000,000	4,393,962	0	6,882,047	6,882,047
MASU	214,589	5,505,000	5,719,589	214,589	5,505,000	5,719,589	214,589	4,510,000	4,724,589	0	995,000	995,000
MiSU	612,850	0	612,850	612,850	1,590,000	2,202,850	612,850	7,850,000	8,462,850	0	(7,860,000)	(7,850,000)
VCSU	265,334	4,085,300	4,350,634	265,334	4,085,300	4,350,634	265,334	850,000	1,115,334	0	3,235,300	3,235,300
MiSU-BC	112,663	0	112,663	112,663	1,500,000	1,612,663	112,663	75,000	187,663	0	(75,000)	(75,000)
NDUS Office 1/	0	1,310,000	1,310,000	0	0	0	0	0	0	0	1,310,000	1,310,000
Subtotal	6,856,186	109,940,458	116,796,644	6,856,186	139,179,958	146,036,144	6,866,186	79,501,123	86,367,309	(30,000)	38,439,335	38,409,335
Forest Service	31,061	115,000	146,061	31,061	115,000	146,061	31,061	140,000	171,061	0	(25,000)	(25,000)
NDSU-Main Research	415,300	1,120,000	1,535,300	415,300	9,020,000	9,435,300	415,300	0	415,300	0	1,120,000	1,120,000
Dickinson Research	0	1,400,000	1,400,000	0	1,400,000	1,400,000	0	100,000	100,000	0	1,300,000	1,300,000
Langdon Research	0	0	0	0	0	0	0	810,000	810,000	0	(810,000)	(810,000)
North Central Research	0	0	0	0	0	0	0	320,000	320,000	0	(320,000)	(320,000)
Williston Research	0	0	0	0	0	0	0	85,000	85,000	0	(85,000)	(85,000)
Carrington Research	0	0	0	0	0	0	0	430,000	430,000	0	(430,000)	(430,000)
Agronomy Seed Farm	0	0	0	0	0	0	0	105,000	105,000	0	(105,000)	(105,000)
Subtotal	446,361	2,635,000	3,081,361	446,361	10,535,000	10,981,361	446,361	1,990,000	2,436,361	0	645,000	645,000
Total	$7,302,547	$112,575,458	$119,878,005	$7,302,547	$149,714,958	$157,017,505	$7,312,547	$81,491,123	$88,803,670	($30,000)	$39,084,335	$39,054,335
General Fund	$ 7,302,547	$ 1,310,000	$8,612,547	$ 7,302,547	$ 36,956,847	$44,259,394	$ 7,332,547	$ 4,201,270	$ 11,533,817	($30,000)	($2,891,270)	($2,921,270)
State Bonding	0	11,051,538	$11,051,538	0	0	$0	0	9,838,133	$ 9,838,133	-	1,213,405	$1,213,405
Other Funds	0	100,213,920	$100,213,920	0	112,758,111	$112,758,111	0	67,451,720	$ 67,451,720	-	32,762,200	$32,762,200
Total	$7,302,547	$112,575,458	$119,878,005	$7,302,547	$149,714,958	$157,017,505	$7,332,547	$81,491,123	$88,803,670	($30,000)	$31,084,335	$31,054,335

1/ The capital assets line of the NDUS Office includes $1,310,000 general fund for the establishment of an escrow account, to address 2005-07 bond repayments for state bonded projects at DSU, MaSU & VCSU.

g:\cathy\excel\[05-07 Extraordinary Repairs - MCP

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NORTH DAKOTA UNIVERSITY SYSTEM
2003-05 MAJOR CAPITAL PROJECTS (Included in Engrossed HB's 1003, 1021 and 1023)

		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		2003-05 Engrossed HB's 1003, 1021 and 1023					2003-05 Budgeted Amounts			
		General Fund	Other Funds	Revenue Bonding	State Bonding	Total Funds	General Fund	Other Funds	Federal Funds	Total Funds
BSC:										
New Construction/Additions						-				
Career & Technology Institute						-	1,000,000	6,000,000		8,000,000
Student Apartments (HB 1003)				1,795,000		1,795,000		1,795,000		1,795,000
Subtotal		-	-	1,795,000	-	1,795,000	1,000,000	7,795,000	-	9,795,000
LRSC:										
Major Remodeling										
Science Wing Remodel & Classroom Wing Addition						-	1,167,000			1,167,000
North Hall Residence Hall Renovation (HB 1003)				375,000		375,000		375,000		375,000
Subtotal		-	-	375,000	-	375,000	1,167,000	375,000	-	1,542,000
WSC:										
New Construction/Addition										
Diesel Technology Addition						-	472,000			472,000
Subtotal		-	-	-	-	-	472,000	-	-	472,000
UND:										
Major Remodeling										
O'Kelly Hall-Phase I						-	3,000,000			3,000,000
Carnegie Library Renovation			3,300,000			3,300,000		3,300,000		3,300,000
Squires Dining Center			1,000,000			1,000,000		1,000,000		1,000,000
Wellness Center				8,000,000		8,000,000		8,000,000		8,000,000
New Construction/Additions	(HB 1003)									
Med School Neuroscience Research Phase II			17,000,000			17,000,000		17,000,000		17,000,000
Native American Center			3,000,000			3,000,000		3,000,000		3,000,000
Athletic Complex				13,000,000		13,000,000		13,000,000		13,000,000
Airline Security Building			5,000,000			5,000,000		5,000,000		5,000,000
Airport Hangar				2,000,000		2,000,000		2,000,000		2,000,000
Energy Improvement Program (HB 1023)					1,991,214	1,991,214		1,991,214		1,991,214
Subtotal		-	30,300,000	23,000,000	1,991,214	55,291,214	3,000,000	55,291,214	-	58,791,214
NDSU:										
Major Remodeling										
Minard Hall Renovation						-	9,000,000			9,000,000
Bison Sports Arena Renovation (HB 1003)			16,000,000			16,000,000		16,000,000		16,000,000
New Construction/Addition										
Bison Court Apartment Building Replacement (HB 1003)				11,000,000		11,000,000		11,000,000		11,000,000
Energy Improvement Program (HB 1023)					1,877,877	1,877,877		1,877,877		1,877,877
Subtotal		-	16,000,000	11,000,000	1,877,877	27,877,877	9,000,000	27,877,877	-	36,877,877
NDSCS:										
Major Remodeling										
Horton Hall Remodeling						-	4,100,000			4,100,000
Student Union Remodeling/Addition (HB 1003)			3,300,000			3,300,000		3,300,000		3,300,000
New Construction/Additions										
Bilbro Activities Center Addition (HB 1003)			395,920			395,920		395,920		395,920
Subtotal		-	3,695,920	-	-	3,695,920	4,100,000	3,695,920	-	7,795,920
DSU:										
Major Remodeling										
Murphy Hall Phase I Addition (HB 1003) 1/					5,882,847	5,882,847	5,882,847			5,882,847
Whitney Stadium Renovation/Addition (HB 1003)			5,000,000			5,000,000		5,000,000		5,000,000
Subtotal		-	5,000,000	-	5,882,847	10,882,847	5,882,847	5,000,000	-	10,882,847

NORTH DAKOTA UNIVERSITY SYSTEM
2003-05 MAJOR CAPITAL PROJECTS (Included in Engrossed HB's 1003, 1021 and 1023)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	2003-05 Engrossed HB's 1003, 1021 and 1023					2003-05 Budget Request			
	General Fund	Other Funds	Revenue Bonding	State Bonding	Total Funds	General Fund	Other Funds	Federal Funds	Total Funds
MaSU:									
Infrastructure									
Steamline Replacement Phase II (HB 1003) 1/				1,365,000	1,365,000	1,365,000			1,365,000
Major Remodeling									
Fieldhouse Renovation & Addition (HB 1003)		1,000,000	3,000,000		4,000,000		4,000,000		4,000,000
East Hall Remodel (HB 1003)		150,000			150,000		150,000		150,000
Subtotal	-	1,150,000	3,000,000	1,365,000	5,505,000	1,365,000	4,150,000	-	5,505,000
MSU:									
Major Remodeling									
Swain Hall Remodeling					-	1,500,000			1,500,000
Subtotal	-	-	-	-	-	1,500,000	-	-	1,500,000
VCSU:									
Major Remodeling									
Graichen Gymnasium Elevator & Emergency Exits (HB 1003) 1/				785,300	785,300	785,300			785,300
Kolstoe Hall Renovation (HB 1003)			3,300,000		3,300,000		3,300,000		3,300,000
Subtotal	-	-	3,300,000	785,300	4,085,300	785,300	3,300,000	-	4,085,300
MSU-Bottineau Campus:									
Major Remodeling									
Old Main Replacement					-	1,500,000			1,500,000
Subtotal	-	-	-	-	-	1,500,000	-	-	1,500,000
NDUS Office									
Escrow for state bonding projects (HB 1003) 1/	1,310,000				1,310,000				-
Subtotal	1,310,000	-	-	-	1,310,000	-	-	-	-
Campus Subtotal	1,310,000	55,115,920	42,400,000	11,951,536	108,940,456	31,771,847	107,406,111	-	139,179,958
Forest Service:									
Equip/Supply Storage Building (Towner & Bottineau) (HB 1003)		115,000			115,000	115,000			115,000
Subtotal	-	115,000	-	-	115,000	115,000	-	-	115,000
Main Station:									
New Construction/Additions									
Research Greenhouse Complex					-	3,900,000		3,900,000	7,900,000
Nestles Research Mill Building (HB 1021)		1,000,000			1,000,000	1,000,000			1,000,000
Pesticide Handling Facilities (2 sites) (HB 1021)		120,000			120,000	120,000			120,000
Subtotal	-	1,120,000	-	-	1,120,000	5,020,000	-	3,900,000	9,020,000
Research Centers:									
New Construction/Additions (HB 1021)									
Dickinson Headquarters Office & Multipurpose Room Building		1,400,000			1,400,000		1,400,000		1,400,000
Subtotal	-	1,400,000	-	-	1,400,000	-	1,400,000	-	1,400,000
Related Entities Subtotal	-	2,635,000	-	-	2,635,000	5,135,000	1,400,000	3,900,000	10,535,000
TOTAL-ALL	1,310,000	57,753,920	42,400,000	11,951,536	112,575,456	36,906,847	108,806,111	3,900,000	149,714,958

1/ The capital assets line of the NDUS Office includes $1,310,000 general fund for the establishment of an escrow account, to address 2005-07 bond repayments for state bonded projects at DSU, MaSU & VCSU. In addition, DSU is responsible for providing $250,000 local funds for bond repayments on the Murphy Hall project.

g:\ndus\[illegible] Capital Projects

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NDUS 2003-05 Major Capital Project Ranking
SBHE Priority List

(1) #	(2) Project Description	(3) Campus	(4) Project Type	(5) Cost State	(6) Cost Other	(7) Cost Total	(8) Other Source	(9) Engrossed HB 1003,1021&1023 SB=State Bonds RB=Rev Bonds OF=Other Funds
		A=addition; R=renovation; NC=new construction						
	11 CAMPUSES							
1	Murphy Hall Phase I Addition	DSU	A/R	$5,882,047		$5,882,047		SB (HB1003)
2	Graichen Gymnasium elevator & emergency exits	VCSU	R	$785,300		$785,300		SB (HB1003)
3	Steam Line Replacement Phase II	MaSU	R	$1,355,000		$1,355,000		SB (HB1003)
4	Minard Hall Renovation	NDSU	R	$9,900,000		$9,900,000		
5	O'Kelly Hall Renovation	UND	R	$3,500,000		$3,500,000		
6	Old Main Replacement	MiSU-BC	R	$1,500,000		$1,500,000		
7	Career & Technology Institute	BSC	NC	$1,500,000	$6,800,000	$8,300,000	Private/ Other	
8	Diesel Technology Addition	WSC	A	$472,000		$472,000		
9	Science Wing Remodel & Classroom Wing Addition-Phase I & II	LRSC	A/R	$1,187,500		$1,187,500		
10	Swain Hall	MiSU	A/R	$1,980,000		$1,980,000		
11	Horton Hall Remodel	NDSCS	R	$4,100,000		$4,100,000		
	State Facility Energy Improvement Project	UND	R		$1,951,214	$1,951,214	utility savings	SB (HB1023)
	State Facility Energy Improvement Project	NDSU	R		$1,077,977	$1,077,977	utility savings	SB (HB1023)
	Total Campuses			$31,771,847	$9,829,191	$41,601,038		
	EXPERIMENT STATIONS AND FOREST SERVICE							
1	Research Greenhouse Complex - Main Sta.	Exp. Sta.	NC	$3,960,000	$3,960,000	$7,920,000	Federal	
2	Equip/Supply Storage Bld (Towner and Bottineau)	Forest	NC/A	$115,000		$115,000		OF (HB1003)
3	Nostlie Research Mill Bldg - Main Station	Exp. Sta.	NC	$1,000,000		$1,000,000		OF (HB1021)
4	Pesticide Handling Facilities (2 sites)	Exp. Sta.	NC	$120,000		$120,000		OF (HB1021)
	Total Experiment Stations & Forest Service			$5,195,000	$3,960,000	$9,155,000		
	Total Ranked State-Funded Projects			$36,966,847	$13,779,191	$50,736,038		

	11 CAMPUSES						
	Student Apartments	BSC	NC	$1,785,000	$1,785,000	Aux./ Other	RB (HB1003)
	North Hall Residence Hall Renovation	LRSC	R	$375,000	$375,000	Aux.	RB (HB1003)
	S of M & HS, Neuroscience Research Phase II	UND	NC	$17,000,000	$17,000,000	Grant	OF (HB1003)
	Carnegie Library	UND	R	$3,300,000	$3,300,000	Private	OF (HB1003)
	Native American Center	UND	NC	$3,500,000	$3,500,000	Private/ Grant	OF (HB1003)
	Squires Dining Center	UND	R	$1,500,000	$1,500,000	Aux.	OF (HB1003)
	Athletic Complex	UND	A/R	$13,000,000	$13,000,000	Private	RB (HB1003)
	Airline Security Building	UND	NC	$5,000,000	$5,000,000	Grant	OF (HB1003)
	Airport Hangar	UND	NC	$2,000,000	$2,000,000	Private	RB (HB1003)
	Wellness Center	UND	R	$8,000,000	$8,000,000	Student Fees	RB (HB1003)
	Bison Court Apartment Bldg. Replacement	NDSU	NC	$11,000,000	$11,000,000	Aux.	RB (HB1003)
	Bison Sports Arena	NDSU	R	$15,000,000	$15,000,000	Private	OF (HB1003)
	Student Union Remodeling/ Addition	NDSCS	A/R	$3,300,000	$3,300,000	Aux./ Private	OF (HB1003)
	Bilkre Activities Center Addition	NDSCS	A	$368,920	$368,920	Private	OF (HB1003)
	Whitney Stadium Renovation/Addition	DSU	A/R	$5,000,000	$5,000,000	Private/ Local	OF (HB1003)
	Fieldhouse Renovation & Addition	MaSU	A/R	$4,000,000	$4,000,000	Private	OF/RB (HB1003)
	East Hall Remodel	MaSU	R	$150,000	$150,000	Aux.	OF (HB1003)
	Kolstoe Hall Renovation	VCSU	A/R	$3,300,000	$3,300,000	Aux.	RB (HB1003)
	Total Campuses			$0 $97,576,920	$97,576,920		

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LaCosta Rickford 9/30/03
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NDUS 2003-05 Major Capital Project Ranking
SBHE Priority List

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
				Cost				
#	Project Description	Campus	Project Type	State	Other	Total	Other Source	Engrossed HB's 1003,1021&1023 SB=State Bonds RB=Rev Bonds OF=Other Funds
			A=addition; R=renovation; NC=new construction					
EXPERIMENT STATIONS AND FOREST SERVICE								
	New Hdqtrs Ofc & Multipurpose Rm Bldg - Phase 1 - Dickinson	Exp. Sta.			$1,400,000	$1,400,000	Private/ Local	OF (HB1021)
	Total Experiment Stations & Forest Service			$0	$1,400,000	$1,400,000		
	Total Non-State Funded Projects			$0	$96,978,926	$96,978,926		
	Total Projects Included in Budget Request			$26,966,647	$112,758,111	$140,714,966		
11 CAMPUSES								
	Voc/Technical Center Expansion & Renovation	BSC	A/R	$3,000,000	$6,000,000	$9,000,000	School District/ Other	
	Deferred Maintenance	WSC	R	$584,000		$584,000		
	North Addition	WSC	NC	$2,948,400		$2,948,400		
	Occupational Therapy	UND	A	$1,800,000		$1,800,000		
	Infrastructure (water, sewer, elec., pavement)	UND	R	$4,800,000		$4,800,000		
	Ceres Hall Renovation	NDSU	R	$4,000,000		$4,000,000		
	Infastructure (pavement, water, steam)	NDSU	R	$2,800,000		$2,800,000		
	Steam Line Replacement Phase III	NDSCS	R	$1,482,120		$1,482,120		
	West Hall Remodel & Accessibility	MaSU	A/R	$450,000	$50,000	$500,000	Local	
	Student Union ballroom/west wing remodel	MiSU	R	$336,000	$336,000	$670,000	Aux.	
	Replace bleachers-W.E. Osmon Bldg.	VCSU	R	$266,000		$266,000		
	Thatcher 2nd Floor HVAC	MiSU-BC	R	$117,000		$117,000		
	Total Campuses			$21,691,520	$6,386,000	$28,096,520		
EXPERIMENT STATIONS AND FOREST SERVICE								
	Agronomy Lab & Greenhouse-N. Central	Exp. Sta.	NC	$800,000		$800,000		
	Hdqtrs Ofc Bldg-Carrington	Exp. Sta.	A	$300,000	$60,000	$360,000	Local	
	Hdqtrs Ofc Bldg-Central Grasslands	Exp. Sta.	A	$170,000	$75,000	$245,000	Local	
	Hdqtrs Ofc Bldg- Hettinger REC	Exp. Sta.	A	$155,000	$45,000	$200,000	Local	
	Machine & Equip. Stg. Shed (9 locations)	Exp. Sta.	NC	$450,000		$450,000		
	Research Greenhouse-Langdon	Exp. Sta.	NC	$170,000		$170,000		
	Sample Processing Lab. - Williston	Exp. Sta.	NC	$100,000		$100,000		
	Sheep & Lamb Barn - Main	Exp. Sta.	NC	$212,000		$212,000		
	Total Experiment Stations & Forest Service			$2,157,000	$170,000	$2,327,000		
	Total Unranked Projects Not Included in Request			$23,838,520	$6,556,000	$30,393,520		

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North Dakota University System
Student Grant Programs By Funding Source
Per Engrossed HB 1003

	(1)	(2)	(3)	(4)	(5)	(6)	(7)					
						Education Incentive Programs						
	State Grant Program	Scholars Program	PSEP	ND Indian Scholarship Program	Tech Occup Student Loan Program	Teacher Shortage Loan Forgiveness	Teacher Retraining	Doctoral Programs	Incentive Programs	Total		
General Fund:												
A. 2001-03 Adjusted Appropriation	$ 2,730,215	$ 816,388	$ 1,678,300	$ 204,086	$ 400,000	$ 250,000	$ 120,000	$ 60,000	$ 830,000	$ 6,288,989		
B. Increase (Decrease)	-	-	-	-	-	-	-	-	-	-		
C. 2003-05 Engrossed HB 1003	2,730,215	816,388	1,678,300	204,086	400,000	250,000	120,000	60,000	830,000	6,288,989		
D. % Increase (Decrease)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Other Funds: 1/												
E. 2001-03 Adjusted Appropriation	$ 3,247,074									$ 3,411,087		
F. Increase (Decrease)	(1,747,074)									(1,911,087)		
G. 2003-05 Engrossed HB 1003	1,500,000									$ 1,500,000		
H. % Increase (Decrease)	-53.8%									-56.0%		
Federal Funds:												
I. 2001-03 Adjusted Appropriation	$ 847,357									$ 847,357		
J. Increase (Decrease)	(447,357)									(447,357)		
K. 2003-05 Engrossed HB 1003	200,000									$ 200,000		
L. % Increase (Decrease)	-68.1%									-98.1%		
Total Funds:												
M. 2001-03 Adjusted Appropriation	$ 6,824,646	$ 980,381	$ 1,678,300	$ 204,086	$ 400,000	$ 250,000	$ 120,000	$ 30,000	$ 830,000	$ 10,317,413		
N. Increase (Decrease)	(2,194,431)	(164,013)	-	-	-	-	-	-	-	(2,358,444)		
O. 2003-05 Engrossed HB 1003	$ 4,630,215	$ 816,368	$ 1,678,300	$ 204,086	$ 400,000	$ 250,000	$ 120,000	$ 60,000	$ 830,000	$ 7,958,969		
P. % Increase (Decrease)	-33.1%	-16.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-22.9%		
Awards Information:												
Q. 2001-03 ave # per year	2,513	47		145								
R. 2001-03 new awards per year			5wks,4dent,6opt									
Following could be funded at Engrossed SB 1003 level:												
S. 2003-05 ave # per year	2,545	22		145								
T. 2003-05 new awards per year			4wks,4dent,4opt									
Estimated shortfall to fund the cost to continue existing awards & to fund a comparable # of new awards												
U. *In 2003-05 2/*	$ (284,484)	$ (105,178)			$ (280,000)	$ (210,000)	$ (45,000)			$ (1,006,272)		

1/ Other funds (lines F-G) consist of funds from Minnesota reciprocity. The $1.5 million increase (column 1 - line G) was added by the House "for potential receipts from the MN-ND reciprocity agreement." However, this is only appropriation authority" and no receipts are expected from this agreement at this time.

2/ The following estimated carryover from 2001-03 has been considered when computing the estimated shortfall: State grants - $127,000; Scholars - $44,000; PSEP - $28,000; Technology Occupations Student Loan Program - $141,000; Teacher Shortage Loan Forgiveness Program - $7,000; and Teacher Retraining Program - $6,000.

p:\budg\house\ed1003-05 House\Student grant programs by funding source

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NORTH DAKOTA UNIVERSITY SYSTEM
ANALYSIS OF 2003-05 ENGROSSED HB's 1003 AND 1023 BY LINE ITEM
(NDUS Office, Campuses, Forest Service and UND School of Medicine & Health Sciences)

	[redacted]	[redacted]	[redacted]	
NDUS Office				
System Governance	$4,479,337	$4,446,720		
Subtotal all funds	4,479,337	4,446,720	32,617	0.7%
Less estimated income	161,333	181,820	(20,487)	-11.3%
Subtotal general fund appropriation	4,318,004	4,264,900	53,104	1.2%
Student Grant Programs				
Student Financial Assistance Grants	4,430,215	6,624,646	(2,194,431)	
Scholars Program	816,368	980,381	(164,013)	
ND Indian Scholarship Program	204,086	204,086	0	
Professional Student Exchange Program	1,678,300	1,678,300	0	
Education Incentive Programs	830,000	830,000	0	
Subtotal all funds	7,958,969	10,317,413	(2,358,444)	-22.9%
Less estimated income	1,700,000	4,058,444	(2,358,444)	-58.1%
Subtotal general fund appropriation	6,258,969	6,258,969	0	0.0%
System Grant Programs:				
EPSCoR & Centers for Excellence	7,000,000	4,000,000	3,000,000	
Title II Grant	695,600	534,000	161,600	
Disabled Student Services	0	51,560	(51,560)	
Equity & Special Needs	0	925,824	(925,824)	
Contingency & Cap Impr Emergency	1,752,767	244,309	1,508,458	
Technology Pool	26,135,148	27,782,851	(1,647,703)	
Professional Liability Insurance	1,850,000	0	1,850,000	
Subtotal all funds	37,433,515	33,538,544	3,894,971	11.6%
Less estimated income	2,151,674	534,000	1,617,674	302.9%
Subtotal general fund appropriation	35,281,841	33,004,544	2,277,297	6.9%
System Projects:				
Capital Assets	14,100,689	12,730,841	1,369,848	
Board Initiatives	435,306	645,306	(210,000)	
Subtotal all funds	14,535,995	13,376,147	1,159,848	8.7%
Less estimated income	1,342,500	1,579,339	(236,839)	-15.0%
Subtotal general fund appropriation	13,193,495	11,796,808	1,396,687	11.8%
TOTAL				
Total all funds	64,407,816	61,678,824	2,728,992	4.4%
Less estimated income	5,355,507	6,353,603	(998,096)	-15.7%
Total general fund appropriation	59,052,309	55,325,221	3,727,088	6.7%

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NORTH DAKOTA UNIVERSITY SYSTEM
ANALYSIS OF 2003-05 ENGROSSED HB's 1003 AND 1023 BY LINE ITEM
(NDUS Office, Campuses, Forest Service and UND School of Medicine & Health Sciences)

	[redacted]	[redacted]	[redacted]	
BSC:				
Operations	15,493,038	15,900,867		
Capital Assets (Excluding Major Capital Projects)	250,000	250,000		
1999-01 Carryover	0	108,721		
Subtotal all funds	15,743,038	16,159,606		
Less estimated income	0	0		
Subtotal general fund appropriation	15,743,038	16,159,606		
Capital Assets - Major Capital Projects	1,785,000	596,000		
Subtotal all funds	1,785,000	596,000		
Less estimated income	1,785,000	0		
Subtotal general fund appropriation	0	596,000		
TOTAL				
Total all funds	17,528,038	16,755,606	772,430	4.6%
Less estimated income	1,785,000	0	1,785,000	100.0%
Total general fund appropriation	15,743,038	16,755,606	(1,012,570)	-6.0%
LRSC:				
Operations	4,963,824	5,032,456		
Capital Assets (Excluding Major Capital Projects)	44,831	74,831		
1999-01 Carryover	0	0		
Subtotal all funds	5,008,655	5,107,287		
Less estimated income	0	0		
Subtotal general fund appropriation	5,008,655	5,107,287		
Capital Assets - Major Capital Projects	375,000	325,000		
Subtotal all funds	375,000	325,000		
Less estimated income	375,000	325,000		
Subtotal general fund appropriation	0	0		
TOTAL				
Total all funds	5,383,655	5,432,287	(48,632)	-0.9%
Less estimated income	375,000	325,000	50,000	15.4%
Total general fund appropriation	5,008,655	5,107,287	(98,632)	-1.9%

NORTH DAKOTA UNIVERSITY SYSTEM
ANALYSIS OF 2003-05 ENGROSSED HB's 1003 AND 1023 BY LINE ITEM
(NDUS Office, Campuses, Forest Service and UND School of Medicine & Health Sciences)

	[redacted]	[redacted]	[redacted]	
NDUS:				
Operations	5,319,181	5,424,874		
Capital Assets (Excluding Major Capital Projects)	88,790	88,790		
1999-01 Carryover	0	20,592		
Subtotal all funds	5,407,971	5,534,256		
Less estimated income	0	0		
Subtotal general fund appropriation	5,407,971	5,534,256		
Capital Assets - Major Capital Projects	0	0		
Subtotal all funds	0	0		
Less estimated income	0	0		
Subtotal general fund appropriation	0	0		
TOTAL				
Total all funds	5,407,971	5,534,256	(126,285)	-2.3%
Less estimated income	0	0	0	0.0%
Total general fund apropropriation	5,407,971	5,534,256	(126,285)	-2.3%
UND:				
Operations	84,584,943	86,520,828		
Nordic Initiative	50,000			
Marketing Initiative	50,000			
Capital Assets (Excluding Major Capital Projects)	2,362,136	2,362,136		
1999-01 Carryover	0	1,570,732		
Subtotal all funds	87,047,079	90,453,494		
Less estimated income	0	0		
Subtotal general fund appropriation	87,047,079	90,453,494		
Capital Assets - Major Capital Projects	55,251,214	18,841,785		
Subtotal all funds	55,251,214	18,841,785		
Less estimated income	55,251,214	18,841,785		
Subtotal general fund appropriation	0	0		
TOTAL				
Total all funds	142,296,293	109,295,279	33,003,014	30.2%
Less estimated income	55,251,214	18,841,785	36,409,429	193.2%
Total general fund appropriation	87,047,079	90,453,494	(3,406,415)	-3.8%

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NORTH DAKOTA UNIVERSITY SYSTEM
ANALYSIS OF 2003-05 ENGROSSED HB's 1003 AND 1023 BY LINE ITEM
(NDUS Office, Campuses, Forest Service and UND School of Medicine & Health Sciences)

	[redacted]	[redacted]	[redacted]	
NDUS:				
Operations	66,875,983	68,204,819		
Capital Assets (Excluding Major Capital Projects)	1,737,531	1,737,531		
2000 Flood Expenditures	0	13,811,780		
1999-01 Carryover	0	405,572		
Subtotal all funds	68,613,514	83,959,682		
Less estimated income	0	12,500,000		
Subtotal general fund appropriation	68,613,514	71,459,682		
Capital Assets - Major Capital Projects	27,077,977	35,366,348		
Subtotal all funds	27,077,977	35,366,348		
Less estimated income	27,077,977	35,366,348		
Subtotal general fund appropriation	0	0		
TOTAL				
Total all funds	95,691,491	119,326,030	(23,634,539)	-19.8%
Less estimated income	27,077,977	47,866,348	(20,788,371)	-43.4%
Total general fund appropriation	68,613,514	71,459,682	(2,846,168)	-4.0%
NDSU:				
Operations	23,774,891	24,247,302		
Capital Assets (Excluding Major Capital Projects)	773,500	773,500		
1999-01 Carryover	0	1,671		
Subtotal all funds	24,548,391	25,022,473		
Less estimated income	0	0		
Subtotal general fund appropriation	24,548,391	25,022,473		
Capital Assets - Major Capital Projects	3,668,920	7,086,990		
Subtotal all funds	3,668,920	7,086,990		
Less estimated income	3,668,920	5,216,720		
Subtotal general fund appropriation	0	1,870,270		
TOTAL				
Total all funds	28,217,311	32,109,463	(3,892,152)	-12.1%
Less estimated income	3,668,920	5,216,720	(1,547,800)	-29.7%
Total general fund appropriation	24,548,391	26,892,743	(2,344,352)	-8.7%

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NORTH DAKOTA UNIVERSITY SYSTEM
ANALYSIS OF 2003-05 ENGROSSED HB's 1003 AND 1023 BY LINE ITEM
(NDUS Office, Campuses, Forest Service and UND School of Medicine & Health Sciences)

	[redacted]	[redacted]	[redacted]	
OTHER				
Operations	13,590,878	13,880,931		
Capital Assets (Excluding Major Capital Projects)	393,962	393,962		
1999-01 Carryover	0	612,689		
Subtotal all funds	13,984,840	14,887,582		
Less estimated income	0	370,078		
Subtotal general fund appropriation	13,984,840	14,497,514		
Capital Assets - Major Capital Projects	10,882,047	4,000,000		
Subtotal all funds	10,882,047	4,000,000		
Less estimated income	10,882,047	4,000,000		
Subtotal general fund appropriation	0	0		
TOTAL				
Total all funds	24,866,887	18,887,582	5,999,295	31.8%
Less estimated income	10,882,047	4,370,078	6,511,969	149.0%
Total general fund appropriation	13,984,840	14,497,514	(512,674)	-3.5%
OTHER				
Operations	8,349,835	8,515,748		
Old Main improvement	50,000	0		
Capital Assets (Excluding Major Capital Projects)	214,589	214,589		
1999-01 Carryover	0	0		
Subtotal all funds	8,614,424	8,730,337		
Less estimated income	0	0		
Subtotal general fund appropriation	8,614,424	8,730,337		
Capital Assets - Major Capital Projects	5,505,000	4,510,000		
Subtotal all funds	5,505,000	4,510,000		
Less estimated income	5,505,000	4,000,000		
Subtotal general fund appropriation	0	510,000		
TOTAL				
Total all funds	14,119,424	13,240,337	879,087	6.6%
Less estimated income	5,505,000	4,000,000	1,505,000	37.6%
Total general fund appropriation	8,614,424	9,240,337	(625,913)	-6.8%

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NORTH DAKOTA UNIVERSITY SYSTEM
ANALYSIS OF 2003-05 ENGROSSED HB's 1003 AND 1023 BY LINE ITEM
(NDUS Office, Campuses, Forest Service and UND School of Medicine & Health Sciences)

	[redacted]	[redacted]	[redacted]	
NDSU:				
Operations	25,564,142	26,061,907		
Capital Assets (Excluding Major Capital Projects)	612,850	612,850		
1999-01 Carryover	0	132,348		
Subtotal all funds	26,166,992	26,807,105		
Less estimated income	0	0		
Subtotal general fund appropriation	26,166,992	26,807,105		
Capital Assets - Major Capital Projects	0	7,850,000		
Subtotal all funds	0	7,850,000		
Less estimated income	0	7,850,000		
Subtotal general fund appropriation	0	0		
TOTAL				
Total all funds	26,166,992	34,657,105	(8,490,113)	-24.5%
Less estimated income	0	7,850,000	(7,850,000)	-100.0%
Total general fund appropriation	26,166,992	26,807,105	(640,113)	-2.4%
VCSU:				
Operations	11,144,078	11,365,513		
Capital Assets (Excluding Major Capital Projects)	265,334	265,334		
1999-01 Carryover	0	149,708		
Subtotal all funds	11,409,412	11,780,555		
Less estimated income	0	0		
Subtotal general fund appropriation	11,409,412	11,780,555		
Capital Assets - Major Capital Projects	4,085,300	850,000		
Subtotal all funds	4,085,300	850,000		
Less estimated income	4,085,300	0		
Subtotal general fund appropriation	0	850,000		
TOTAL				
Total all funds	15,494,712	12,630,555	2,864,157	22.7%
Less estimated income	4,085,300	0	4,085,300	100.0%
Total general fund appropriation	11,409,412	12,630,555	(1,221,143)	-9.7%

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NORTH DAKOTA UNIVERSITY SYSTEM
ANALYSIS OF 2003-05 ENGROSSED HB's 1003 AND 1023 BY LINE ITEM
(NDUS Office, Campuses, Forest Service and UND School of Medicine & Health Sciences)

	[redacted]	[redacted]	[redacted]	
NDUS Office:				
Operations	4,057,001	4,137,614		
Capital Assets (Excluding Major Capital Projects)	112,663	112,663		
1999-01 Carryover	0	413		
Subtotal all funds	4,169,664	4,250,690		
Less estimated income	0	0		
Subtotal general fund appropriation	4,169,664	4,250,690		
Capital Assets - Major Capital Projects	0	75,000		
Subtotal all funds	0	75,000		
Less estimated income	0	0		
Subtotal general fund appropriation	0	75,000		
TOTAL				
Total all funds	4,169,664	4,325,690	(156,026)	-3.6%
Less estimated income	0	0	0	0.0%
Total general fund appropriation	4,169,664	4,325,690	(156,026)	-3.6%
Forest Service:				
Salaries and Wages	0	1,929,839		
Operating Expenses	2,717,215	531,009		
Capital Improvements	31,061	31,061		
1999-01 Carryover	0	235,525		
Grants	0	247,486		
Subtotal all funds	2,748,276	2,974,920		
Less estimated income	975,001	1,121,649		
Subtotal general fund appropriation	1,773,275	1,853,271		
Capital Assets - Major Capital Projects	115,000	140,000		
Subtotal all funds	115,000	140,000		
Less estimated income	115,000	140,000		
Subtotal general fund appropriation	0	0		
TOTAL				
Total all funds	2,863,276	3,114,920	(251,644)	-8.1%
Less estimated income	1,090,001	1,261,849	(171,848)	-13.6%
Total general fund appropriation	1,773,275	1,853,271	(79,996)	-4.3%

NORTH DAKOTA UNIVERSITY SYSTEM

ANALYSIS OF 2003-05 ENGROSSED HB's 1003 AND 1023 BY LINE ITEM

(NDUS Office, Campuses, Forest Service and UND School of Medicine & Health Sciences)

	[redacted]	[redacted]	[redacted]	
UND School of Medicine & Health Sciences				
Operations	30,268,879	30,212,510	56,369	
1999-01 Carryover	0	0	0	
Total all funds	30,268,879	30,212,510	56,369	0.2%
Less estimated income	0	0	0	0.0%
Total general fund appropriation	30,268,879	30,212,510	56,369	0.2%
TOTAL-ALL:				
NDUS Operations:				
Total General Fund	$ 342,163,007	$ 349,015,254	$ (6,852,247)	-2.0%
Total Estimated Income	4,988,008	18,875,991	(13,887,983)	-73.6%
Total All Funds-Operations	347,151,015	367,891,245	(20,740,230)	-5.6%
NDUS Capital Assets & Bond Payments:				
General Fund:				
Extraordinary Repairs	6,887,247	6,917,247	(30,000)	
Major Capital Projects	-	3,901,270	(3,901,270)	
Capital Bond Payments and Escrow	12,758,189	11,261,502	1,496,687	
Total General Fund	19,645,436	22,080,019	(2,434,583)	-11.0%
Estimated Income:				
Major Capital Projects	108,745,458	75,739,853	33,005,605	
Capital Bond Payments and Escrow	1,342,500	1,469,339	(126,839)	
Total Estimated Income	110,087,958	77,209,192	32,878,766	42.6%
Total All Funds-Capital Assets & Bond Payments	129,733,394	99,289,211	30,444,183	30.7%
GRAND TOTAL:				
Total General Fund	361,808,443	371,095,273	(9,286,830)	-2.5%
Total Estimated Income	115,075,966	96,085,183	18,990,783	19.8%
Total All Funds	$ 476,884,409	$ 467,180,456	$ 9,703,953	2.1%

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NORTH DAKOTA UNIVERSITY SYSTEM
ANALYSIS OF 2003-05 ENGROSSED HB 1021 BY LINE ITEM
(UPPER GREAT PLAINS TRANSPORTATION INSTITUTE, NORTHERN CROPS INSTITUTE
EXTENSION SERVICE, RESEARCH STATIONS & AGRONOMY SEED FARM)

	[illegible] Executive Budget	[illegible] Base Level	[illegible] Increase (Decrease)	[illegible] % Increase
Upper Great Plains Transportation Institute				
Operations	$ 10,848,064	$ -	$ 10,848,064	100.0%
Salaries and Wages		4,057,364	(4,057,364)	-100.0%
Operating Expenses		2,661,063	(2,661,063)	-100.0%
Grants		1,150,000	(1,150,000)	-100.0%
1999-01 Carryover		87,775	(87,775)	-100.0%
Total all funds	10,848,064	7,976,202	2,871,862	36.0%
Less estimated income	10,364,776	7,383,348	2,981,428	40.4%
Total general fund appropriation	483,288	592,854	(109,566)	-18.5%
Northern Crops Institute				
Operations	1,524,784	1,457,123	67,661	4.6%
1999-01 Carryover	0	43,819	(43,819)	-100.0%
Total all funds	1,524,784	1,500,942	23,842	1.6%
Less estimated income	777,825	732,697	45,128	6.2%
Total general fund appropriation	746,959	768,245	(21,286)	-2.8%
Extension Service				
Operations	34,415,856	33,628,789	787,067	2.3%
1999-01 Carryover	0	0	0	0.0%
Total all funds	34,415,856	33,628,789	787,067	2.3%
Less estimated income	20,500,178	19,298,301	1,201,877	6.2%
Total general fund appropriation	13,915,678	14,330,488	(414,810)	-2.9%
Main Research Station				
Operations	58,637,658	54,962,097	3,675,561	6.7%
1999-01 Carryover	0	2,865	(2,865)	-100.0%
Subtotal all funds	58,637,658	54,964,962	3,672,696	6.7%
Less estimated income	30,399,854	26,812,612	3,587,242	13.4%
Subtotal general fund appropriation	28,237,804	28,152,350	85,454	0.3%
Major Capital Projects:	1,120,000	0	1,120,000	100.0%
Subtotal all funds	1,120,000	0	1,120,000	100.0%
Less estimated income	1,120,000	0	1,120,000	100.0%
Subtotal general fund appropriation	0	0	0	0.0%
Total:				
Total all funds	59,757,658	54,964,962	4,792,696	8.7%
Less estimated income	31,519,854	26,812,612	4,707,242	17.6%
Total general fund appropriation	28,237,804	28,152,350	85,454	0.3%

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NORTH DAKOTA UNIVERSITY SYSTEM
ANALYSIS OF 2003-05 ENGROSSED HB 1021 BY LINE ITEM
(UPPER GREAT PLAINS TRANSPORTATION INSTITUTE, NORTHERN CROPS INSTITUTE EXTENSION SERVICE, RESEARCH STATIONS & AGRONOMY SEED FARM)

	2003-05 Engrossed SB	2001-03 Adj. Appropriation	Inc (Dec) over 2001-03 $ change	Inc (Dec) over 2001-03 % change
Branch Research Centers				
Dickinson Research Center	3,882,891	3,499,079	383,812	11.0%
Central Grasslands Research Center	1,669,065	1,413,982	255,083	18.0%
Hettinger Research Center	1,523,475	1,559,583	(36,108)	-2.3%
Langdon Research Center	1,283,914	1,106,894	177,020	16.0%
North Central Research Center	1,714,374	1,511,068	203,306	13.5%
Williston Research Center	1,644,295	1,413,786	230,509	16.3%
Carrington Research Center	3,329,112	3,129,677	199,435	6.4%
1999-01 Carryover	0	45,331	(45,331)	-100.0%
Subtotal all funds	15,047,126	13,679,400	1,367,726	10.0%
Less estimated income	7,568,852	5,899,909	1,668,943	28.3%
Subtotal general fund appropriation	7,478,274	7,779,491	(301,217)	-3.9%
Major Capital Projects:	1,400,000	1,745,000	(345,000)	-19.8%
Subtotal all funds	1,400,000	1,745,000	(345,000)	-19.8%
Less estimated income	1,400,000	1,445,000	(45,000)	-3.1%
Subtotal general fund appropriation	0	300,000	(300,000)	-100.0%
Total:				
Total all funds	16,447,126	15,424,400	1,022,726	6.6%
Less estimated income	8,968,852	7,344,909	1,623,943	22.1%
Total general fund appropriation	7,478,274	8,079,491	(601,217)	-7.4%
Agronomy Seed Farm:				
Single Line-Item Budget	1,166,914	1,154,140	12,774	1.1%
Total estimated income	1,166,914	1,154,140	12,774	1.1%
Major Capital Projects:	0	105,000	(105,000)	-100.0%
Subtotal all funds	0	105,000	(105,000)	-100.0%
Less estimated income	0	105,000	(105,000)	-100.0%
Subtotal general fund appropriation	0	0	0	0.0%
Total:				
Total all funds	1,166,914	1,259,140	(92,226)	-7.3%
Less estimated income	1,166,914	1,259,140	(92,226)	-7.3%
Total general fund appropriation	0	0	0	0.0%

NORTH DAKOTA UNIVERSITY SYSTEM
ANALYSIS OF 2003-05 ENGROSSED HB 1021 BY LINE ITEM
(UPPER GREAT PLAINS TRANSPORTATION INSTITUTE, NORTHERN CROPS INSTITUTE
EXTENSION SERVICE, RESEARCH STATIONS & AGRONOMY SEED FARM)

	2003-05 Engrossed HB	2001-03 Adj Appropriation	Inc (Decr) over 2-01-03	
			$ change	% change
TOTAL-ALL:				
Operating Budget and Capital Improvements:				
Total General Fund	$ 50,862,003	$ 51,623,428	$ (761,425)	-1.5%
Total Special Funds	70,778,399	61,281,007	9,497,392	15.5%
Total All Funds	121,640,402	112,904,435	8,735,967	7.7%
Major Capital Projects:				
Total General Fund	0	300,000	(300,000)	-100.0%
Total Special Funds	2,520,000	1,550,000	970,000	62.6%
Total All Funds	2,520,000	1,850,000	670,000	36.2%
TOTAL-ALL:				
Total General Fund	**50,862,003**	**51,923,428**	**(1,061,425)**	**-2.0%**
Total Special Funds	**73,298,399**	**62,831,007**	**10,467,392**	**16.7%**
Total All Funds	**$ 124,160,402**	**$ 114,754,435**	**$ 9,405,967**	**8.2%**

1/ SB 2021 includes single line-item budgets for the NDSU Main & Branch Research Stations and Agronomy Seed Farm, although major capital projects are listed seperately for this analysis.

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NORTH DAKOTA UNIVERSITY SYSTEM
HISTORY OF LEGISLATIVE APPROPRIATIONS
Excludes Major Capital Projects & Capital Bond Payments
(In millions of dollars)

		(1) NDUS Office/Grants, Eleven Campuses & Medical School	(2) Parent Service	(3) Extension, Experiment, NCI & UGPTI	(4) Total All Entities
A.	2003-05 Engrossed HB's 1003 & 1021 1/	$347.28	$1.77	$50.86	$399.91
B.	2003-05 Needs-Based Budget Request 1/	$422.03	$2.06	$57.78	$481.87
C.	2003-05 Hold-Even Budget Request 1/	$350.54	$1.77	$48.87	$401.18
D.	2001-03 Adjusted Appropriation 1/	$354.08	$1.85	$51.62	$407.55

NOTES:

1/ The amounts do not include major capital projects. Major capital projects included in the 2003-05 budget request total $36.95 million general funds and $112.76 million other funds, for a total of $149.71 million. Major capital projects included in the 2003-05 engrossed HB's 1003, 1021 and 1023 total $1.31 million general fund (escrow) and $111.27 million other funds, for a total of $112.58 million. Engrossed HB 1003 also includes $11,448,189 general fund and $1,342,500 other funds for capital bond payments.

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Exhibit #10 first day

North Dakota University System
Long-Term Finance Plan

I. History

- During 1997 and 1999 legislative sessions there was considerable discussion and concern expressed by some campuses and some legislators about funding equity—or the inequitable distribution of state general fund appropriations between NDUS campuses.
- The 1999 Legislative Assembly passed the following study resolution:

  "The legislative council shall consider studying higher education funding during the 1999-2000 interim. If conducted, the study should solicit input from the governor, board of higher education, executive branch, university campuses, and representatives of business and industry. ***The study should address the expectations of the North Dakota university system in meeting the state's needs in the twenty-first century, the funding methodology needed to meet these expectations and needs, and an accountability system and reporting methodology for the university system.*** *The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-seventh legislative assembly."*

- This study resolution lead to the creation of the Higher Education Roundtable in September 1999 and the resulting recommendations, including those related to a new three-part funding model (i.e base, incentive and capital asset) as follows:

  A funding mechanism structured around three primary budgetary components:
  a. **Base funding** used to sustain the academic capacity of each campus. The adequacy of the base funding for each institution is measured by comparison to other external benchmarks;
  b. **Incentive funding** which creates incentives and/or rewards in furtherance of the State's and Roundtable's priorities;
  c. **Asset funding** which supports the maintenance of the physical assets of the State's University System.

- Prior to the creation of the Roundtable, the NDUS Administrative Affairs Council had identified development of a new funding model as a high priority. The Council recommended the following principles be incorporated into a new funding model:
  a. Be driven by the State's and System's goals.
  b. Be sensitive to differing campus missions.
  c. Recognize differences in campus size.
  d. Provide equitable funding—for similar institutions.
  e. Provide adequate funding—to fulfill each campus mission.
  f. Be responsive to changing demands (e.g. enrollment and program changes, etc.)
  g. Provide reasonably stable funding
  h. Provide administrative flexibility in the use of funds appropriated to or allocated to the campus.
- Other states were surveyed to identify "best funding practices."
- A subcommittee of the NDUS Administrative Affairs Council (referred to as subcommittee) recommends a funding model that focuses funding decisions on a set of external peers.
- Subcommittee develops criteria for selection of peers and the resource allocation model that would embody the principles outlined above. Chancellor's Cabinet and SBHE

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approve peer selection criteria. These efforts paralleled the work of the National Center for Higher Education Management Systems (NCHEMS), in developing the finance plan.

- Campuses were actively engaged in the development of the long-term finance plan. A total of 58 meetings were held to discuss and refine the peer comparators and resource allocation model before it was finalized in November 2001. A detailed list of these meetings is available.
- Long term finance plan used by SBHE to allocate $3,703,000 for equity from 2001-03 "equity and special needs pool" appropriation of $4,628,824. Remaining amount allocated to campuses for campus special initiatives.
- 2003-05 needs-based budget request submitted by the SBHE was developed using the long term finance plan.

II. Principles

The State Board of Higher Education (SBHE), adopted the following statements as the Board's beliefs and principles, which serve as the foundation of the long-term finance plan and resource allocation model including:

1. Funding for higher education should be a **shared responsibility** of the state
2. Campuses should be encouraged to **generate additional revenues**.
3. Campuses should be encouraged to **diversify their revenue sources**.
4. Campuses, faculty and staff should be **rewarded and recognized** for behavior consistent with the Roundtable principles (i.e. **flexible, responsive, entrepreneurial, accountable, collaborative**).
5. Campuses should be given the **flexibility to set price**
6. Campuses should **retain their current state general fund appropriation** as base operating funds; and biennial appropriations should be provided to **address parity** or inflationary operating cost increases (i.e. cost to continue salary increases from previous biennium, operating and utility infl tion, and new compensation and benefits adjustments) to this base.
7. **Equity differentials**, based on **peer comparators**, should be regularly addressed in appropriations based on agreed-upon targets (i.e. benchmark, state/student share, phased approach to reaching benchmarks) outlined in the finance plan.
8. State should make a specific investment in activities that **support statewide priorities**
9. Campuses should be **held accountable for the outcomes** of the goals and objectives
10. Campuses' **unique missions should be recognized** in establishing base operating funding and adequate funds should be provided to **maintain institutional capacity** to deliver their mission.
11. Campuses should be given the **flexibility to allocate resources**
12. SBHE should request and the Legislature should provide dedicated appropriations for the **maintenance and replacement** of state assets (facilities and infrastructure).

III. Policies

A. Operating Budget

1. A biennial appropriation request/appropriation be comprised of the following components 1.)Base operating budget 2.)Capital asset funding 3.)Special initiative funding.
2. Operating fund benchmarks established using data from peer comparison institutions.
   a. ***Operating benchmarks established based on the comparison of unrestricted revenues: state appropriations and <u>net</u> tuition revenues.***

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b. Benchmarks established using the most recently available national Integrated Postsecondary Education Data Systems (IPEDS) data and reestablished, at a minimum, every six years. In the intervening years, the benchmark numbers should be adjusted.
c. The following criteria were used for the selection of the peer comparators:
   - Public institutions only (had to deviate from this criteria for MaSU and VCSU due to the limited number of public peer comparators)
   - City size (had to deviate from this criteria due to the difficulty of application)
   - Carnegie Classification of institutions
   - Land grant or medical school
   - Total FTE students
   - Total headcount enrollment
   - Percent Part-time headcount
   - Degrees awarded (certif., assoc., baccalaureate, master's, etc.)
   - Degree Program Mix (natural science, education, business, engineering, humanities, etc...)
   - Research Expenditures

	Benchmarks[1] established in 2001	**Benchmarks[2] utilized in development of 03-05 Budget Request**
NDSU, excluding Ag Extension and Experiment	$10,500	$11,692
UND, including Medical School	$13,250	$14,754
DSU	$ 7,500	$8,351
MaSU	$ 9,000	$10,022
MiSU	$ 8,500	$9,465
VCSU	$ 9,000	$10,022
BSC	$ 7,750	$8,630
MiSU-BC	$ 9,000	$10,022
NDSCS	$ 8,500	$9,465
LRSC	$ 9,250	$10,300
WSC	$ 7,500	$8,351

[1] Based on 1998-99 IPEDS data
[2] Updated based on average annual change in CPI for 1999-00 through 2002-03

3. ***Funding reflect a shared responsibility among the various stakeholders (state, student and institution).*** Targets established based on the following factors: ensuring regional access, enrollment size of campus, program type (undergraduate vs. graduate programs) and historical tiered tuition rate structure.

	% state	**% student**
UND/NDSU	60	40
MiSU	65	35
MaSU/VCSU/DSU	70	30
Two-year	75	25

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4. Move all institutions, ***currently below 85% of their peer benchmark to 85% within six years, and next to move all campuses below 95% of their peer benchmark to 95% in twelve years.***
5. Base funding be based on the following:
   a. Base funding continue to be provided to all 11 institutions; and also include biennial operating fund increases to address parity.
   b. ***Current general fund appropriations not be reallocated among campuses.***
   c. A portion of increased state general fund appropriations be allocated on a biennial basis, both to parity and to resolve equity differentials. ***Funding parity is the first priority. However, no more than 80% of all new funding should be allocated to parity and no less than 20% of new funds be allocated to equity.***
   d. Equity funds be distributed based on a weighted average of each campuses gap differential to their peers and the agreed upon phased approach to reaching the benchmark targets (i.e., 85% in six years).
   e. ***State general fund appropriations not be reduced for any campus from the previous biennium, until such time that the campus exceeds 105% of their peer benchmark or enrollment declines are significant enough to cause a re-evaluation of the peer institutions and establishment of a new peer benchmark.***
6. The SBHE continue to approve the base tuition rate at each campus; however, institutions should be given the discretion in establishing additional tuition rate charges for targeted programs and discounting policies.

B. Capital Asset Funding

1. Replace the current OMB building formula which is based on a 50-years sum-of-the-years digit method, with a ***building formula based on 2% of building replacement value for all buildings that are 5 years or older, and 0% for buildings less than 5 years old.***
2. ***Maintain current OMB infrastructure formula.***
3. ***Deferred maintenance be factored into the new capital assets funding formula*** along with the revised building formula and the current infrastructure formula.
4. Phased-in capital assets funding model to reach ***full funding of the buildings and infrastructure formula over a ten-year period*** and to address the ***deferred maintenance backlog that currently exists over approximately a fourteen year period.***
5. The use of the pool of dollars generated by this new combined formula be ***left to the discretion of the institution*** (with appropriate approvals by the SBHE where required for projects greater than $100,000). Campuses would be given the authority to allocate dollars to repair and replacement priorities for both deferred maintenance and regular repair and replacement projects as determined by the campus.
6. The SBHE ***continue the major capital project priority process*** for establishing funding priorities for major new construction and major renovation/remodeling projects.
7. Campuses be allowed to ***continue carrying over unspent capital asset funding*** from one biennium to the next in order to complete projects started in one biennium, but not completed until the next; and/or to accumulate funds to complete large projects that require multi-year funding.
8. Institutions be ***required to demonstrate they have expended funds*** in amounts at least as large as appropriations or place funds in escrow for larger renewal projects.
9. ***At the time full funding is achieved, cease requiring additional capital renewal/replacement funds***, beyond this level, to the institutions for these purposes---except for deferred maintenance.

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NDUS Long-Term Finance Plan Nov. 2001

10. The new capital asset funding model ***be applied to new state buildings built on campus;*** but ***no new operating funds be added to the base operating budget for operating costs, if the operating base is already at the benchmark target.***

C. State Priority

1. Appropriation requests and legislative appropriations for incentive/special initiatives to the SBHE ***to support state priorities be made equivalent to 2% of the total NDUS state general fund appropriation, phased-in over six years.***

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Increase of $2.3 million per biennium over 01-03 appropriation needed to reach 2% goal ($8.3 m per biennium) by 2007-09

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NORTH DAKOTA UNIVERSITY SYSTEM
REQUEST/RESOURCE ALLOCATION MODEL
Needs-Based Budget Request

		BSC	LRSC	WSC	UND w/medicine	NDSU w/o Ag	MSCS	DSU	MaSU	MiSU	VCSU	MiSU-BC	TOTAL
1	2001-03 GF base (exclude capital improvements/deferred/emergency repair and major capital project funding) 1/	$15,888,887	$6,852,488	$5,434,874	$119,943,166	$72,384,847	$84,854,382	$13,888,881	$8,388,748	$26,881,887	$11,388,913	$4,137,814	$388,887,388
2	49-50 Peer Benchmark: Total Revenues per FTE per year -Total revenues, E & G state appropriations, local mill levy and tuition and fees only @100% of peer benchmark:	$7,780	$8,200	$7,880	$13,288	$10,888	$8,888	$7,888	$8,888	$8,888	$8,888	$8,888	
3	49-50 Peer Benchmark: Total Revenues per FTE per year- average annual increase in CPI:												
	1999-2000	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	
	2000-2001	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	
	2001-2002 estimated	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	
	2002-03 estimated	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	
4	01-02 Adjusted Peer Benchmark Total Revenues per FTE per year (line 2 x line 3)	$8,000	$10,300	$8,351	$14,754	$11,882	$9,488	$8,381	$10,022	$9,488	$10,882	$10,822	
5	Fall 2001 FTE students	2,423	676	389	10,282	9,287	2,013	1,788	838	2,874	828	488	31,788
6	Calculated Benchmark Funding at 100% per year (line 4 x 5)	$20,888,980	$6,988,738	$8,032,487	$151,848,588	$108,788,118	$18,882,877	$14,384,188	$8,388,838	$27,282,171	$8,387,888	$4,888,844	$372,788,724
7	% of total revenues to be paid by State of North Dakota	76.88%	72.88%	75.00%	80.00%	88.00%	78.88%	78.88%	78.00%	88.38%	78.88%	78.88%	
8	Annual Peer Benchmark State Support (line 6 x line 7)	$15,882,482	$5,248,304	$3,751,865	$91,108,734	$88,220,088	$14,288,888	$8,884,888	$4,475,881	$17,881,411	$8,818,878	$3,888,833	$238,328,328
9	Biennial Peer Benchmark State Support (line 8 x 2 years)	$31,384,825	$10,488,887	$7,503,730	$182,218,488	$138,440,137	$28,878,318	$18,888,881	$8,881,381	$38,382,822	$11,831,188	$8,133,288	2472,848,881
	Percent 01-03 GF Base of biennial peer benchmark state support (line 1 / Line 9)	88.38%	47.87%	72.38%	65.88%	58.47%	84.08%	88.41%	83.87%	73.78%	87.37%	87.[illegible]%	84.74%
10	Biennial State GF Appropriation Increase Needed to Reach 100% (Line 9 less line 1)	$15,884,838	$5,488,181	$2,078,888	$82,878,282	$88,088,288	$4,888,814	$8,188,838	$828,813	$8,388,818	$388,848	$1,888,882	$188,848,388
11	Biennial State GF Appropriation Increase Needed to Reach 88% (Line 9 x 88% less line 1, but not < 0-)	$10,888,288	$3,884,888	$883,287	$38,343,382	$38,818,278	$888,117	$3,118,481	$0	$3,888,482	$0	$1,878,882	$87,813,888
	BUDGET REQUEST												
12	2001-03 GF base (excluding capital assets)	$15,848,887	$6,888,488	$5,884,874	$133,204,388	$78,881,888	$34,384,382	$13,888,881	$8,388,748	$26,887,887	$11,414,813	$4,288,838	$427,774,188
13	Less: System projects and one-time funding from 2001-03 block grants	(148,888)		(148,888)	(18,488,344)	(18,888,731)	(87,888)	(88,888)		(838,748)	(88,888)	(88,334)	(28,888,388)
14	2001-03 Adjusted GF base (line 1 ... ss line 13)	$15,888,887	$6,888,488	$5,434,874	$118,708,138	$88,284,818	$34,247,382	$13,888,881	$8,388,748	$26,881,887	$11,388,913	$4,137,814	$388,138,187
15	Standard unit adjustment (SCA)-parity percentage	7.34%	8.27%	7.84%	6.34%	7.88%	8.57%	8.78%	8.14%	8.18%	8.18%	8.88%	
16	Standard unit adjustment (SCA)-parity (Line 14 x Line 15)	$1,188,284	$718,438	$381,888	$7,388,284	$4,778,488	$1,888,438	$888,887	$811,437	$1,884,188	$788,438	$273,388	$18,848,888
17	Equity - Phased implementation of target funding floors 88% in 6 yrs. (Line 1 GI formula)	$3,818,788	$1,284,888	$317,788	$11,747,787	$12,838,787	$88,372	$1,837,817	$8	$1,332,184	$8	$388,884	$88,887,888
18	Total Base Funding Increase Requested (Line 16 + 17)	$4,788,888	$1,818,288	$888,784	$18,144,041	$17,818,183	$1,881,782	$1,874,884	$811,437	$2,838,383	$788,438	$881,882	$88,288,738
19	Total Base Request (Line 14 + 18)	$20,888,847	$8,842,748	$8,124,828	$138,852,177	$88,830,882	$28,828,884	$15,838,888	$8,842,188	$28,888,238	$12,828,848	$4,788,438	$381,421,828
20	GF Request for Systemwide Projects/Activities (HECN, ODIN, IVN, other)												$0
21	Asset Funding Request (based on OMB extraordinary repair formula for facilities and infrastructure)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
22	Total State General Fund Request, excluding major capital projects (Line 19 + 20 + 21)	$20,888,847	$8,842,748	$8,124,828	$138,852,177	$88,830,882	$28,828,884	$15,838,888	$8,842,188	$28,888,238	$12,828,848	$4,788,438	$381,421,828

*Note:
1/ Includes 01-03 operations line appropriation; plus $2,758,551 for UND and $3,875,193 for NDSU Computer Center; allocations from the 2001-03 technology pool appropriation to the NDUS Office.
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NDUS LONG-TERM FINANCE PLAN
PARITY/EQUITY ALLOCATION

A portion of **increased state general fund appropriations be allocated on a biennial basis, both to parity and to resolve equity differentials. Funding parity is the first priority. However, no more than 80% of all new funding should be allocated to parity and no less than 20% of new funds be allocated to equity.**

Total Cost Increase

Standard Cost Adjustment (Parity)	$19,648,902
Equity	$32,637,836
Total	$52,286,738

Example 1

Actual Funding Increase Received

80% Rule-Parity	$15,000,000 x	80%	$12,000,000

Actual Allocation

Standard Cost Adjustment (Parity)	$12,000,000
Equity	$3,000,000
Total	$15,000,000

Example 2

Actual Funding Increase Received

80% Rule-Parity	$21,000,000 x	80%	$16,800,000

Actual Allocation

Standard Cost Adjustment Parity)	$16,800,000
Equity	$4,200,000
Total	$21,000,000

Example 3

Actual Funding Increase Received

80% Rule-Parity	$30,000,000 x	80%	$24,000,000

Actual Allocation

Standard Cost Adjustment Parity)	$19,648,902
Equity	$10,351,098
Total	$30,000,000

(g:laura/excel/legis/parity equity examples overhead)

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LaCosta Rickford 9/30/03
Operator's Signature Date

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North Dakota University System
2003-05 Executive Budget
Capital Assets Appropriation

HB1003 Total		$117,068,750
Proposed SBHE allocations:		
bond payments	-$12,790,689	
major capital project pool	-$2,961,629	
GF extra-ordinary repairs pool	-$6,932,186	-$22,684,504
Subtotal		$94,384,246
Dept. of Corrections appropriation	-$105,326	
Campus "other fund" projects	-$94,278,920	-$94,384,246
Balance		$0

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NORTH DAKOTA UNIVERSITY SYSTEM
CAPITAL ASSETS (Extraordinary Repairs and Major Capital Projects)

Institution	(1) 2003-05 Executive Recommendation Extraordinary Repairs	(2) 2003-05 Executive Recommendation Major Capital Projects	(3) 2003-05 Executive Recommendation TOTAL	(4) 2003-05 Budget Request Extraordinary Repairs	(5) 2003-05 Budget Request Major Capital Projects	(6) 2003-05 Budget Request TOTAL	(7) 2001-03 Adjusted Appropriation Extraordinary Repairs	(8) 2001-03 Adjusted Appropriation Major Capital Projects	(9) 2001-03 Adjusted Appropriation TOTAL	(10) 2003-05 Executive Recommendation to 2001-03 Adjusted Appropriation Extraordinary Repairs	(11) 2003-05 Executive Recommendation to 2001-03 Adjusted Appropriation Major Capital Projects	(12) 2003-05 Executive Recommendation to 2001-03 Adjusted Appropriation TOTAL
BSC	$0	$1,785,000	$1,785,000	$250,000	$10,085,000	$10,335,000	$250,000	$596,000	$846,000	($250,000)	$1,189,000	$939,000
LRSC	0	375,000	375,000	44,831	1,562,500	1,607,331	74,831	325,000	399,831	(74,831)	50,000	(24,831)
WSC	0	0	-	88,790	472,000	560,790	88,790	0	88,790	(88,790)	0	(88,790)
UND	0	55,251,214	55,251,214	2,362,136	58,751,214	61,113,350	2,362,136	18,841,785	21,203,921	(2,362,136)	36,409,429	34,047,293
NDSU	0	27,077,977	27,077,977	1,737,531	36,977,977	38,715,508	1,737,531	35,366,348	37,103,879	(1,737,531)	(8,288,371)	(10,025,902)
NDSCS	0	3,668,920	3,668,920	773,500	7,768,920	8,542,420	773,500	7,066,990	7,840,490	(773,500)	(3,418,070)	(4,191,570)
DSU	0	5,000,000	5,000,000	393,962	10,882,047	11,276,009	393,962	4,000,000	4,393,962	(393,962)	1,000,000	606,038
MASU	0	4,150,000	4,150,000	214,589	5,505,000	5,719,589	214,589	4,510,000	4,724,589	(214,589)	(360,000)	(574,589)
MISU	0	0	-	612,850	1,590,000	2,202,850	612,850	7,850,000	8,462,850	(612,850)	(7,850,000)	(8,462,850)
VCSU	0	0	-	265,334	785,300	1,050,634	265,334	850,000	1,115,334	(265,334)	(850,000)	(1,115,334)
MSU-BC	0	0	-	112,663	1,500,000	1,612,663	112,663	75,000	187,663	(112,663)	(75,000)	(187,663)
NDUS Office 1/	6,932,186	2,961,629	9,893,815	0	0	0	0	0	0	6,932,186	2,961,629	9,893,815
Subtotal	6,932,186	100,269,740	107,201,926	6,856,186	135,879,958	142,736,144	6,856,186	79,801,123	86,387,309	46,000	20,788,817	20,814,817
Forest Service	31,061	115,000	146,061	31,061	115,000	146,061	31,061	140,000	171,061	0	(25,000)	(25,000)
NDSU-Main Research	415,300	1,120,000	1,535,300	415,300	9,020,000	9,435,300	415,300	0	415,300	0	1,120,000	1,120,000
Dickinson Research	0	1,400,000	1,400,000	0	1,400,000	1,400,000	0	100,000	100,000	0	1,300,000	1,300,000
Langdon Research	0	0	0	0	0	0	0	810,000	810,000	0	(810,000)	(810,000)
North Central Research	0	0	0	0	0	0	0	320,000	320,000	0	(320,000)	(320,000)
Williston Research	0	0	0	0	0	0	0	85,000	85,000	0	(85,000)	(85,000)
Carrington Research	0	0	0	0	0	0	0	430,000	430,000	0	(430,000)	(430,000)
Agronomy Seed Farm	0	0	0	0	0	0	0	105,000	105,000	0	(105,000)	(105,000)
Subtotal	446,361	2,635,000	3,081,361	446,361	10,535,000	10,981,361	446,361	1,990,000	2,436,361	0	545,000	545,000
Total	$7,378,547	$102,904,740	$110,283,287	$7,302,547	$146,414,958	$153,717,505	$7,332,547	$81,491,123	$88,823,670	$46,000	$21,413,817	$21,459,817
General Fund	$ 7,378,547	$ 2,961,629	$10,340,176	$ 7,302,547	$ 36,956,847	$44,259,394	$ 7,332,547	$ 4,201,270	$ 11,533,817	$46,000	($1,239,641)	($1,193,641)
State Bonding	0	3,029,191	$3,029,191	0	0	$0	0	9,838,133	$ 9,838,133	-	(6,808,942)	($6,808,942)
Other/Federal Funds	0	96,913,920	$96,913,920	0	109,458,111	$109,458,111	0	67,451,720	$ 67,451,720	-	29,462,200	$29,462,200
Total	$7,378,547	$102,904,740	$110,283,287	$7,302,547	$146,414,958	$153,717,505	$7,332,547	$81,491,123	$88,823,670	$46,000	$21,413,817	$21,459,817

1/ In addition to the extraordinary repairs and general fund major capital assets pool, the major capital projects (for the campuses) are also included in a pool at the NDUS Office. An additional $105,326 state bonding for "Corrections" is also included in the NDUS Office for Energy Projects, but is not included in the above totals.

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9/30/03
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NORTH DAKOTA UNIVERSITY SYSTEM
2003-05 MAJOR CAPITAL PROJECTS (Included in HB 1003, 1021 and 1023)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	2003-05 Executive Recommendation					2003-05 Budget Request			
	General Fund	Other Funds	Federal Funds	State Bonding	Total Funds	General Fund	Other Funds	Federal Funds	Total Funds
BSC:									
New Construction/Additions					-				
Career & Technology Institute						1,000,000	5,000,000		6,000,000
Student Apartments (HB 1003)		1,795,000			1,795,000		1,795,000		1,795,000
Subtotal	-	1,795,000		-	1,795,000	1,000,000	6,795,000	-	10,795,000
LRSC:									
Major Remodeling									
Science Wing Remodel & Classroom Wing Addition					-	1,187,000			1,187,000
North Hall Residence Hall Renovation (HB 1003)		375,000			375,000		375,000		375,000
Subtotal	-	375,000		-	375,000	1,187,000	375,000	-	1,562,000
WSC:									
New Construction/Addition									
Diesel Technology Addition					-	472,000			472,000
Subtotal	-	-		-	-	472,000	-	-	472,000
UND:									
Major Remodeling									
O'Kelly Hall-Phase I					-	3,000,000			3,000,000
Carnegie Library Renovation		3,300,000			3,300,000		3,300,000		3,300,000
Squires Dining Center		1,500,000			1,500,000		1,500,000		1,500,000
Wellness Center		8,000,000			8,000,000		8,000,000		8,000,000
New Construction/Additions (HB 1003)									
Med School Neuroscience Research Phase II		17,000,000			17,000,000		17,000,000		17,000,000
Native American Center		3,500,000			3,500,000		3,500,000		3,500,000
Athletic Complex		13,000,000			13,000,000		13,000,000		13,000,000
Airline Security Building		5,000,000			5,000,000		5,000,000		5,000,000
Airport Hangar		2,000,000			2,000,000		2,000,000		2,000,000
Energy Improvement Program (HB 1023)				1,951,214	1,951,214		1,951,214		1,951,214
Subtotal	-	63,300,000	-	1,951,214	65,251,214	3,000,000	65,251,214	-	68,751,214
NDSU:									
Major Remodeling									
Minard Hall Renovation					-	9,000,000			9,000,000
Bison Sports Arena Renovation (HB 1003)		15,000,000			15,000,000		15,000,000		15,000,000
New Construction/Additions									
Bison Court Apartment Building Replacement (HB 1003)		11,000,000			11,000,000		11,000,000		11,000,000
Energy Improvement Program (HB 1023)				1,877,977	1,877,977		1,877,977		1,877,977
Subtotal	-	26,000,000	-	1,877,977	27,877,977	9,000,000	27,877,977	-	36,877,977
NDSCS:									
Major Remodeling									
Horton Hall Remodeling					-	4,100,000			4,100,000
Student Union Remodeling/Addition (HB 1003)		3,300,000			3,300,000		3,300,000		3,300,000
New Construction/Additions									
Bilbo Activities Center Addition (HB 1003)		388,928			388,928		388,928		388,928
Subtotal	-	3,688,928	-		3,688,928	4,100,000	3,688,928	-	7,788,928
DSU:									
Major Remodeling									
Murphy Hall Phase I Addition					-	5,082,947			5,082,947
Whitney Stadium Renovation/Addition (HB 1003)		5,000,000			5,000,000		5,000,000		5,000,000
Subtotal	-	5,000,000	-		5,000,000	5,082,947	5,000,000	-	10,082,947

NORTH DAKOTA UNIVERSITY SYSTEM
2003-05 MAJOR CAPITAL PROJECTS (included in HB 1003, 1021 and 1023)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	2003-05 Executive Recommendation					2003-05 Budget Request			
	General Fund	Other Funds	Federal Funds	State Bonding	Total Funds	General Fund	Other Funds	Federal Funds	Total Funds
MaSU:									
Infrastructure									
Steamline Replacement Phase II					-	1,365,000			1,365,000
Major Remodeling									
Fieldhouse Renovation & Addition (HB 1003)		4,000,000			4,000,000		4,000,000		4,000,000
East Hall Remodel (HB 1003)		150,000			150,000		150,000		150,000
Subtotal	-	4,150,000		-	4,150,000	1,365,000	4,150,000	-	5,000,000
MSU:									
Major Remodeling									
Swain Hall Remodeling					-	1,500,000			1,500,000
Subtotal	-	-	-	-	-	1,500,000	-	-	1,500,000
VCSU:									
Major Remodeling									
Graichen Gymnasium Elevator & Emergency Exits					-	785,300			785,300
Subtotal	-	-		-	-	785,300	-	-	785,300
MSU-Bottineau Campus:									
Major Remodeling									
Old Main Replacement					-	1,500,000			1,500,000
Subtotal	-	-		-	-	1,500,000	-	-	1,500,000
NDUS Office									
General fund major capital project pool (HB 1003)	2,961,629				2,961,629				-
Subtotal	2,961,629			-	2,961,629	-	-	-	-
Campus Subtotal 1/	2,961,629	94,278,920	-	3,029,191	100,269,740	31,771,847	104,108,111	-	135,879,958
Forest Service:									
Equip/Supply Storage Building (Towner & Bottineau) (HB 1003)		115,000			115,000	115,000			115,000
Subtotal	-	115,000		-	115,000	115,000	-	-	115,000
Main Station:									
New Construction/Additions									
Research Greenhouse Complex					-	3,950,000		3,950,000	7,900,000
Nestles Research Mill Building (HB 1021)		1,000,000			1,000,000	1,000,000			1,000,000
Pesticide Handling Facilities (2 sites) (HB 1021)		120,000			120,000	120,000			120,000
Subtotal	-	1,120,000		-	1,120,000	5,070,000	-	3,950,000	9,020,000
Research Centers:									
New Construction/Additions (HB 1021)									
Dickinson Headquarters Office & Multipurpose Room Building		1,400,000			1,400,000		1,400,000		1,400,000
Subtotal	-	1,400,000		-	1,400,000	-	1,400,000	-	1,400,000
Related Entities Subtotal	-	2,[illegible],000		-	2,635,000	5,185,000	1,400,000	3,950,000	10,[illegible]
TOTAL-ALL	2,961,629	96,913,920	-	3,029,191	102,904,740	36,956,847	105,508,111	3,950,000	146,414,958

1/ In addition to the general fund major capital assets pool, the other fund and state bonding appropriations for major capital projects (for the campuses) is included in a pool at the NDUS Office. An additional $105,326 state bonding for "Corrections" is also included in the NDUS Office for Energy Projects, but is not included in the above totals.

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NORTH DAKOTA UNIVERSITY SYSTEM
CAPITAL ASSETS (Extraordinary Repairs and Major Capital Projects)

Institution	(1) 2003-05 Engrossed HB's 1003, 1021 & 1023 Extraordinary Repairs	(2) Major Capital Projects	(3) TOTAL	(4) 2003-05 Budget Request Extraordinary Repairs	(5) Major Capital Projects	(6) TOTAL	(7) 2001-03 Adjusted Appropriation Extraordinary Repairs	(8) Major Capital Projects	(9) TOTAL	(10) 2003-05 Engrossed Bills to 2001-03 Adjusted Appropriation Extraordinary Repairs	(11) Major Capital Projects	(12) TOTAL
BSC	$250,000	$1,785,000	$2,035,000	$250,000	$10,085,000	$10,335,000	$250,000	$596,000	$846,000	$0	$1,189,000	$1,189,000
LRSC	44,831	375,000	419,831	44,831	1,562,500	1,607,331	74,831	325,000	399,831	(30,000)	50,000	20,000
WSC	88,790	0	88,790	88,790	472,000	560,790	88,790	0	88,790	0	0	0
UND	2,362,136	55,251,214	57,613,350	2,362,136	58,751,214	61,113,350	2,362,136	18,841,785	21,203,921	0	36,409,429	36,409,429
NDSU	1,737,531	27,077,977	28,815,508	1,737,531	36,977,977	38,715,508	1,737,531	35,366,348	37,103,879	0	(8,288,371)	(8,288,371)
NDSCS	773,500	3,668,920	4,442,420	773,500	7,768,920	8,542,420	773,500	7,086,990	7,860,490	0	(3,418,070)	(3,418,070)
DSU	393,962	10,882,047	11,276,009	393,962	10,882,047	11,276,009	393,962	4,000,000	4,393,962	0	6,882,047	6,882,047
MASU	214,589	5,505,000	5,719,589	214,589	5,505,000	5,719,589	214,589	4,510,000	4,724,589	0	995,000	995,000
MiSU	612,850	0	612,850	612,850	1,590,000	2,202,850	612,850	7,850,000	8,462,850	0	(7,850,000)	(7,850,000)
VCSU	265,334	4,085,300	4,350,634	265,334	4,085,300	4,350,634	265,334	850,000	1,115,334	0	3,235,300	3,235,300
MiSU-BC	112,663	0	112,663	112,663	1,500,000	1,612,663	112,663	75,000	187,663	0	(75,000)	(75,000)
NDUS Office 1/	0	1,310,000	1,310,000	0	0	0	0	0	0	0	1,310,000	1,310,000
Subtotal	**6,856,186**	**109,940,458**	**116,796,644**	**6,856,186**	**139,179,958**	**146,036,144**	**6,886,186**	**79,501,123**	**86,387,309**	**(30,000)**	**30,439,335**	**30,409,335**
Forest Service	31,061	115,000	146,061	31,061	115,000	146,061	31,061	140,000	171,061	0	(25,000)	(25,000)
NDSU-Main Research	415,300	1,120,000	1,535,300	415,300	9,020,000	9,435,300	415,300	0	415,300	0	1,120,000	1,120,000
Dickinson Research	0	1,400,000	1,400,000	0	1,400,000	1,400,000	0	100,000	100,000	0	1,300,000	1,300,000
Langdon Research	0	0	0	0	0	0	0	810,000	810,000	0	(810,000)	(810,000)
North Central Research	0	0	0	0	0	0	0	320,000	320,000	0	(320,000)	(320,000)
Williston Research	0	0	0	0	0	0	0	85,000	85,000	0	(85,000)	(85,000)
Carrington Research	0	0	0	0	0	0	0	430,000	430,000	0	(430,000)	(430,000)
Agronomy Seed Farm	0	0	0	0	0	0	0	105,000	105,000	0	(105,000)	(105,000)
Subtotal	**446,361**	**2,635,000**	**3,081,361**	**446,361**	**10,535,000**	**10,981,361**	**446,361**	**1,990,000**	**2,436,331**	**0**	**645,000**	**645,000**
Total	**$7,302,547**	**$112,575,458**	**$119,878,005**	**$7,302,547**	**$149,714,958**	**$157,017,505**	**$7,332,547**	**$81,491,123**	**$88,823,670**	**($30,000)**	**$31,084,335**	**$31,054,335**
General Fund	$ 7,302,547	$ 1,310,000	$8,612,547	$ 7,302,547	$ 36,956,847	$44,259,394	$ 7,332,547	$ 4,201,270	$ 11,533,817	($30,000)	($2,891,270)	($2,921,270)
State Bonding	0	11,051,538	$11,051,538	0	0	$0	0	9,838,133	$ 9,838,133	-	1,213,405	$1,213,405
Other Funds	0	100,213,920	$100,213,920	0	112,758,111	$112,758,111	0	67,451,720	$ 67,451,720	-	32,762,200	$32,762,200
Total	**$7,302,547**	**$112,575,458**	**$119,878,005**	**$7,302,547**	**$149,714,958**	**$157,017,505**	**$7,332,547**	**$81,491,123**	**$88,823,670**	**($30,000)**	**$31,084,335**	**$31,054,335**

1/ The capital assets line of the NDUS Office includes $1,310,000 general fund for the establishment of an escrow account, to address 2005-07 bond repayments for state bonded projects at DSU, MaSU & VCSU.

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North Dakota University System
2003-05 Engrossed HB1003
Capital Assets Appropriation

Bond payments	-$12,790,689
Major capital project pool	-$2,961,629
GF extraordinary repairs pool	-$6,932,186
Dept. of Corrections appropriation	-$105,326
Campus "other fund" projects	-$94,278,920
HB1003 Total	**$117,068,750**
House Changes:	
Allocate GF extraordinary repairs pool to campuses - capital assets	-$6,856,186
Remove remainder of extraordinary repairs pool	-$76,000
Remove Dept of Corrections appropriation	-$105,326
Allocate "other fund" projects to campuses - capital assets	-$94,278,920
Allocated part of major cap. project pool to bonding escrow fund for DSU, MaSU, VCSU projects $1,310,000	$0
Removed remainder of major cap. project pool	-$1,651,629
Engrossed HB1003 - Line 19	**$14,100,689**

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LaCosta Rickford 9/30/03
Operator's Signature Date

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9/30/03
Date

ba2001

NORTH DAKOTA BUILDING AUTHORITY DEBT SERVICE

Biennium	1998B 1991-1998	1998B-1992	2003A 1993A 1990	2002C 1993B	2002D 1995A	1998A	1998C	2000A	2001A	2002A	2003B**	Totals	Other Source	Total Gen. Fund	10% of $.01 Sales Tax*	Available Debt Ser
2003-05	2,371,725	589,075	5,479,013	2,067,370	2,875,763	1,320,063	780,460	735,704	1,546,756	697,938	0	18,463,867	2,478,018	15,985,849	17,358,880	1,373,031
2005-07	2,223,263	588,806	5,475,306	2,008,418	2,630,801	1,310,343	769,017	701,870	2,071,752	990,336	1,930,067	20,699,981	2,648,625	18,051,356	18,053,235	1,879
2007-09	2,068,972	0	5,970,019	2,395,499	2,747,420	1,307,414	733,035	713,954	2,075,721	991,176	2,122,159	21,125,369	2,391,645	18,733,724	18,775,365	41,641
2009-11	1,895,834	0	0	2,394,120	2,989,584	1,320,411	0	741,791	2,115,115	1,001,446	2,120,245	14,578,546	1,813,072	12,765,474	19,526,379	6,760,905
2011-13	0	0	0	2,380,520	2,996,390	1,322,403	0	744,148	2,118,015	1,000,429	2,121,592	12,683,497	1,509,533	11,173,964	20,307,434	9,133,470
2013-15	0	0	0	1,077,650	2,996,405	1,322,634	0	745,659	2,132,153	998,958	2,122,786	11,396,226	937,647	10,458,579	21,119,732	10,661,153
2015-17	0	0	0	0	2,970,488	1,317,319	0	749,763	2,155,288	994,148	2,122,203	10,309,209	807,699	9,501,510	21,984,521	12,483,011
2017-19	0	0	0	0	0	657,214	0	757,762	2,167,538	1,000,049	2,123,538	6,706,121	813,453	5,892,668	22,843,102	16,950,434
2019-21	0	0	0	0	0	0	0	0	1,910,281	1,005,320	2,122,917	5,038,518	817,053	4,221,465	23,756,826	19,535,361
2021-23	0	0	0	0	0	0	0	0	853,160	456,741	1,031,815	1,309,901	371,153	938,748	24,707,099	23,768,351
Totals	8,559,794	1,177,881	16,924,338	12,323,577	20,206,851	9,877,801	2,282,512	5,890,671	19,145,779	9,136,544	17,817,302	122,311,235	14,587,898	107,723,337		
	4.67%	4.67%	3.86%	4.01%	4.17%	5.11%	4.24%	5.51%	5.02%	5.02%	4.29%					

Revised 04/22/03

* *Includes funding for the 3 projects ($4,237,755) in the 2003-2005 Executive Budget for the State Health Department and Department of Corrections.
Includes funding for 3 Higher Education projects ($8,022,347--DSU $5,882,047; Mayville State $1,355,000; VCSU $785,300) and a $250,000 local match as other funds in the 05-07 biennium.

**Also includes a cash buydown of $830,000

*The March 7, 2003 forecast used for the 2003-2005 biennium with a 4% increase each subsequent biennia.

Assumes emergency clause so all NDBA bonding can be done at one time (1023-1003)

4-22-03opt

North Dakota University System
2003-05 Engrossed HB1003
Board Initiative Appropriation

HB1003	**$535,306**
House Changes:	
Transfer to UND - Nordic Initiative	-$50,000
Transfer to MaSU - Old Main	-$50,000
Engrossed HB1003	**$435,306**

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LaCosta Rickford 9/30/03
Operator's Signature Date

NDUS Long-Term Finance Plan Nov. 2001

10. The new capital asset funding model ***be applied to new state buildings built on campus;*** but ***no new operating funds be added to the base operating budget for operating costs, if the operating base is already at the benchmark target.***

C. State Priority

1. Appropriation requests and legislative appropriations for incentive/special initiatives to the SBHE ***to support state priorities be made equivalent to 2% of the total NDUS state general fund appropriation, phased-in over six years.***

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Increase of $2.3 million per biennium over 01-03 appropriation needed to reach 2% goal ($8.3 m per biennium) by 2007-09

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NORTH DAKOTA UNIVERSITY SYSTEM
2001-03 BOARD INITIATIVE BLOCK GRANT STATUS
January 6, 2003

2/27/2003 09:27 AM

[redacted]

01-03 Appropriation	$1,370,797	
99-01 Carryover	210,819	1,581,616

[redacted]

Description	Board Objective	Purpose	Amount	
Base Funding				
Articulation and Transfer Initiative	4-1: Increasing access	Salaries & operating	140,000	
HECN 24 x 7 Help Desk to support all students/faculty	4-1: Increasing access	Salaries & operating	200,000	
Accountability Surveys and Report	1-4: Accountability	External survey assistance & printing costs	201,000	
Student Progress Achievement Research Cooperative	1-4: Accountability	Contract assistance	20,000	
Arts and Humanities Summit	3-1: Align the NDUS	Hosting Expenses	25,000	
Statewide Needs Assessment	3-1: Align the NDUS; 3-3 Enrollment Management	Contract assistance	60,000	
SBHE Professional Development and Self Assessment	1-6/ 3-2: SBHE as a Change Agent/SBHE Self Assessment	Consulting/travel expenses	10,000	
Other Board Action Plan Initiatives	3-2/3-3/4-1: Enrollment Mgmt., Change Agent, Access	Contract assistance, research	45,000	
Project Vital Link-ND high school recruiting	3-3: Enrollment Management and 4-1: Increasing access	Printing, mailing	36,810	
Success II Initiative -MaSU/VCSU	3: Align the NDUS; 4: Develop delivery system		125,000	
Resource and Technical Assistance Inventory	3: Align the NDUS;		45,000	
TOTAL Base funding				926,310
One-Time Funding				
Community College Consortium	4-1: Increasing access	Salaries & operating	30,000	
System Diversity Initiative	3-2: SBHE as a Change Agent	Hosting expenses	50,000	
ERP	4-1: Increasing access	Software and implementation costs	250,000	
TOTAL One-Time Funding				330,000
TOTAL Allocations to Date				1,256,310
Uncommitted Balance				315,306

Pending:

Consolidated Financial Statement Preparation Contract	$40,000 -	$50,000

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37

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Date

NORTH DAKOTA UNIVERSITY SYSTEM
2001-03 BOARD INITIATIVE BLOCK GRANT STATUS
January 6, 2003

1/8/03 7:31 AM

01-03 Appropriation	$1,370,797	
99-01 Carryover	210,519	1,581,316

Description	Board Objective	Purpose	Amount	
Base Funding				
Articulation and Transfer Initiative	4-1: Increasing access	Salaries & operating	148,980	
HECN 24 x 7 Help Desk to support all students/faculty	4-1: Increasing access	Salaries & operating	200,000	
Accountability Surveys and Report	1-4: Accountability	External survey assistance & printing costs	201,500	
Student Progress Achievement Research Cooperative	1-4: Accountability	Contract assistance	20,000	
Arts and Humanities Summit	3-1: Align the NDUS	Hosting Expenses	25,000	
Statewide Needs Assessment	3-1: Align the NDUS; 3-3 Enrollment Management	Contract assistance	80,000	
SBHE Professional Development and Self Assessment	1-6/ 3-2: SBHE as a Change Agent/SBHE Self Assessment	Consulting/travel expenses	10,000	
Other Board Action Plan Initiatives	3-2/3-3/4-1: Enrollment Mgmt., Change Agent, Access	Contract assistance, research	45,000	
Project Vital Link-ND High school recruiting	3-3: Enrollment Management and 4-1: Increasing access	Printing, mailing	38,810	
Success II Initiave -MaSU/VCSU	3: Align the NDUS; 4: Develop delivery system		125,000	
Resource and Technical Assistance Inventory	3: Align the NDUS;		45,000	
TOTAL Base funding				938,310
One-Time Funding				
Community College Consortium	4-1: Increasing access	Salaries & operating	30,000	
System Diversity Initiative	3-2: SBHE as a Change Agent	Hosting expenses	50,000	
ERP	4-1: Increasing access	Software and implementation costs	250,000	
TOTAL One-Time Funding				330,000
TOTAL Allocations to Date				1,268,310
Uncommitted Balance				313,006

Pending:

Consolidated Financial Statement Preparation Contract	$40,000	- $50,000
Executive Compensation FY '03	$55,000	- $69,000
	$95,000	$119,000

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North Dakota University System
2001-03 Contingency and Capital Improvement Emergency Fund
January 6, 2003

[redacted]	$ 344,309.00	
01-03 Appropriaton	0.37	344,309.37
99-01 Carryover		
[redacted]		
VCSU-Boiler Repair	125,000.00	
MaSU/VCSU-Success II Initiative 1/	100,000.00	225,000.00
Uncommitted Balance		119,309.37

1/ $60,000 to MaSU and $40,000 to VCSU

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9/30/03
Date

North Dakota University System
2003-05 Engrossed HB1003
Contingency and Capital Emergency

Disaster Payments:		
UND	$1,193,146	
NDSU	$262,928	$1,456,074
Balance for Contingency and Capital Emergency		$296,693
Engrossed HB1003		$1,752,767
Funding Sources:		
General Fund		$296,693
Other Funds-Water Development Trust Fund		$1,456,074

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North Dakota University System
2001-03 Contingency and
Capital Improvement Emergency Fund
January 6, 2003

[redacted]		
01-03 Appropriaton	$ 344,309.00	
99-01 Carryover	0.37	344,309.37
[redacted]		
VCSU-Boiler Repair	118,398.23	
MaSU/VCSU-Success II Initiative 1/	100,000.00	218,398.23
Uncommitted Balance		125,911.14

1/ $60,000 to MaSU and $40,000 to VCSU

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9/30/03
Date

Program: SYSTEM GOVERNANCE	Reporting Level: 00-215-100-00-00-00-00

As of May 2002, North Dakota had approximately 1,378 eligible veterans enrolled in approved programs. The programs are found in approximately 54 schools and training establishments and businesses. As of July 2002, the ND State Approving Agency will have completed a total of 27 liaison actions and 48 on-site visits for FY 2002.

COLLEGE TECHNICAL EDUCATION COUNCIL (CTEC):
Since the CTEC Council was formed, the following accomplishments have been made:

1. Developed a process regarding curriculum coordination, focused missions, and eliminating unnecessary duplication of program offerings among the two-year institutions in the state.
2. Developed a "fast track" program approval process for approving academic programs of two years or less. The fast track approval process was developed to allow campuses to be more responsive to the rapidly changing market needs and opportunities of students and of business and industry.
3. Provided leadership in developing the common course numbering system among colleges and universities to improve the transfer of courses and credits within the University System.
4. Provided leadership in implementing the workforce training system for business and industry in North Dakota. The training system was developed by the state-wide Task Force on Workforce Training and is designed to help business and industry in North Dakota be more competitive by providing training that is flexible, responsive, and accessible to all areas of the state. Results of the new workforce training system are significant. For example, the number of businesses that contracted for training through the new workforce training system increased by 234% from FY-2000 to FY-2001 (from 518 businesses served in FY-2000 to 1,214 in FY-2001). The number of employees receiving training also increased significantly (from 7,463 in FY-2000 to 10,669 in FY-2001, or 143%). In addition, direct training revenue paid by businesses that contracted for training increased from $965,992 to $1,462,042 (66%) from FY-2000 to FY-2001. Approximately 30% of the businesses that contracted for training requested repeat or additional training. Satisfaction levels for both businesses that contracted for training and employees receiving training were above 90% for FY-2000 and FY-2001.
5. Provided leadership in helping establish the FINDET System (Followup Information on North Dakota Education and Training) which documents successes of University System campuses regarding employment, earnings, and attraction and retention rates of graduates.
6. Developed a baccalaureate degree, available through Valley City State University, for adjunct instructors in the trade, technology and health areas. The degree is designed for adjunct instructors who have practical work experience and are in need of courses, and eventually a degree, aimed at increasing their teaching effectiveness.
7. Provided leadership in developing and implementing the collaboration for improving the delivery of practical nursing training throughout the state.
8. Provided leadership and staff support in developing recommendations for state leaders and congress relating to education and training for welfare recipients to assist in the transition to self-sufficiency.

EXPLANATION OF PROGRAM COSTS
Salaries and Wages:
The 2003-05 budget request includes full funding of salaries and fringe benefits for 20.0 FTE positions, including the following:

System Governance Reporting Level: NDUS state funded employees-17.5 FTE, and State Approving Agency federally funded employees-1.5 FTE; Total for the reporting level = 19.0 FTE. The salary budget also includes $49,237 for per diem reimbursement, including the applicable payroll taxes, for Board of Higher Education

Program: SYSTEM GOVERNANCE	**Reporting Level:** 00-215-100-00-00-00-00

members of $62.50 per meeting. This provides roughly 52 days/year per member for a total of 366 days per year. This also includes one FTE for an individual who serves as the director of CTEC (70%) and the Vice Chancellor for Strategic Planning (30%).

System Grant Programs Reporting Level: 1.0 FTE, consisting of 1.0 FTE for the Chief Information Officer included in the Technology Pool.

Operating Expenses:
Line items that account for the majority of the operating budget are travel, dues and professional dev lopment, and professional services. Roughly 46% of the 2001-03 operating budget was expended in the first year of the biennium. A number of factors contribute to the higher budget in 2002-03, including consulting costs for Board initiatives, a $4,000 increase in WICHE dues over 2001-02, higher costs associated with the legislative session in the second year of the biennium, etc.

The travel budget includes funds to cover travel expenses for the Board and staff to perform statutory and constitutional duties and professional development, including motor pool costs and funds to reimburse Board members for personal vehicle usage.

Several expenses will have higher costs in 2002-03 associated with the legislative session, including, office supplies, printing and other expenses.

Dues and professional development includes the cost of state and national memberships, conference expenses for professional development opportunities and MHEC and WICHE dues. These dues are projected at $394,500 for 2003-05, which is an increase of $27,500 over 2001-03. For 2001-02, WICHE dues were $99,000. For 2002-03, WICHE dues increased to $103,000. For 2001-02 and 2002-03, MHEC dues were $82,500 each year. For the year 2003-04, WICHE dues will be $105,000 and for the year 2004-05, $108,000. For 2003-04 and 2004-05, MHEC dues is estimated to be $90,750 each year, although these amounts have not been finalized to date. Other reallocations have been made in the hold-even budget request to fund these increases. Currently, FINDET is funded at $37,052 for the biennium. For 2003-05, this fee has increased approx. $6,650 to $43,704.

Equipment:
The budget request includes $20,000 general funds for equipment. Of the total, $10,000 will be used to replace computers, monitors and other IT-related equipment. The remaining $10,000 would be set aside for other equipment needs. The SAA budget (federal funds) includes $3,481 for equipment.

Effect of Hold-Even Budget:
It will be difficult to support implementation of the Roundtable recommendations, including some of the following: consulting services for Board initiatives; data systems modifications for accountability reporting; survey instruments to measure customer satisfaction; start-up funds for new programs and enhanced services.

WICHE
01-03 $ 202,000
03-05 213,000
+ 11,000

MHEC
165,000
181,500
+16,500

= + $ 27,500

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9/30/03
Date

North Dakota University System
2003-05 Engrossed HB1003
System Governance Appropriation

HB1003	**$4,512,642**
House Changes:	
Remove salary increases	-$33,305
Engrossed HB1003	**$4,479,337**

Note: House amendment increases SBHE compensation from $62.50 to $100 per day. No adjustment was made to the appropriation. Estimated cost is $26,000 in 03-05.

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Testimony before House Appropriations Committee
House Bill 1003

Bruce Furness, Mayor of Fargo
January 8, 2003

I. Thank you

- ✓A. Pleased, privileged & honored to serve on HE Roundtable
- ✓B. Skeptical initially – didn't think it would work
- ✓C. Impressed by commitment of legislators on Roundtable
- ✓D. Excited & encouraged by results to date

II. Before Roundtable

- ✓A. No common vision for the University System
- ✓B. No clear set of expectations
- ✓C. No agreed-upon list of accountability measures

III. Roundtable creation - April 1999 Legislative Assembly passed resolution to address:

- ✓A. Expectations of the NDUS to meet state's needs in 21st Century
- ✓B. Funding methodology needed to meet expectations
- ✓C. Accountability system and reporting methodology
- ✓D. 21 legislators, Interim Education Committee
  40 leaders from Government, Education, Private Sector

IV. Purpose

- ✓A. Look into the <u>future</u>
- ✓B. Create <u>change</u>
- ✓C. Take bold <u>action</u>
- ✓D. Proceed with utmost <u>urgency</u>
- ✓E. Vision of NDUS
  1. Flexibility with Accountability
  2. More entrepreneurial
  3. Economic Engine

- ✓F. 1st meeting in September 1999

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9/30/03
Date

V. Work Products/Outputs

✓A. Trends – What is happening across the nation/world
✓B. ND realities – frank appraisal
✓C. Consensus on significant and fundamental conclusions
1. Future is not an extension of the past – Must change
2. All of ND must benefit from strong economy – Statewide benefit
3. NDUS must be proactive participant
Intellectual assets
Vehicle for future economy – Economic engine

✓D. 5/25/2000 Report "A North Dakota University System for the 21st Century"

VI. Executive Summary of Report

✓A. Future oriented – Next Century
✓B. Look at state's needs into 21st century
✓C. Saw State that, in absence of overt action, would :

1. Continue to lose population, especially young
2. Fall farther and farther behind in per capita income
3. Be unable as a state to compete in new IT economy

✓D. Bold Steps/ Urgency required
✓E. Create Change

✓VII. Goal: "To enhance the economic vitality of ND and the quality of life of its citizens through a high quality, more responsive, equitable, flexible, accessible, entrepreneurial, and accountable University System."

All adjectives important!

✓VIII. Six Cornerstones (based on six different task forces)

✓A. E.D. (Economic Development) Connection – Contribute to economic growth and social vitality of state

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9/30/03
Date

✓B. Education excellence - lifelong learning, high quality, global view

✓C. Flexible & responsive system – empowered, competitive, Entrepreneurial, rewarding, engaged

✓D. Accessible – available to all – students, businesses, individuals, communities, citizens

✓F. Funding & Rewards – Encourage risk, provide reward, set expectations, assure accountability

✓G. Sustaining the Vision – Structure/process for continuation in 21st Century

IX. ✓92 recommendations → 27 consolidated recommendations

✓Assigned to SBHE, Executive Branch, Legislature, NDUS, campuses, private sector

✓Formed basis of NDUS Strategic Plan – July 2001 "Creating a University System in the 21st Century"

X. ✓1st Annual Accountability Measures Report - December 2001

✓ 84 recommendations → 34 consolidated recommendations

XI. You will hear more of how it is progressing but some examples:

✓ NDSU increased flexibility has led to:

Research & Technology Park
Increased research $ -- $40M => $100M
New PhD programs -- 19 => 37
53 New faculty -- first rate people, could go anywhere
More graduate students -- Now have net import of graduate students rather than export

Downtown Campus

NDSU is empowered, responsive, risk oriented and accountable

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XII. National attention and recognition

A. Innovations Award from Council of State Governments
B. Bellweather Award from the Community College Futures Association
C. Recognition by the National Association of Governing Boards

XIII. Commend the Legislature for its vision of the future and the courage to change. Urge you to stay the course in the endeavor.

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Exhibit #4 first day

Testimony before Senate Appropriations Committee
House Bill 1003

Bruce Furness, Mayor of Fargo
February 28, 2003

I. Thank you

A. Pleased, privileged & honored to serve on HE Roundtable
B. Skeptical initially – didn't think it would work; another study
C. Impressed by commitment of legislators on Roundtable
D. Excited & encouraged by results to date

II. Before Roundtable

A. No common vision for Univ. System among constituencies
B. No clear set of expectations
C. No agreed-upon list of accountability measures

III. Brief history for any new legislators
Roundtable creation - April 1999 Legislative Assembly
passed resolution to address:

A. Expectations of the NDUS to meet state's needs in 21st Century
B. Funding methodology needed to meet expectations
C. Accountability system and reporting methodology
D. 21 legislators, Interim Education Committee
40 leaders from Government, Education, Private Sector
E. A defining moment

IV. Purpose

A. Look into the future
B. Create change – willing to change anything
C. Take bold action – to make a difference, to matter
D. Proceed with utmost urgency
E. Vision of NDUS
1. Flexibility with Accountability
2. More entrepreneurial
3. Economic Engine
F. 1st meeting in September 1999

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V. Work Products/Outputs

A. Trends – What is happening across the nation/world
B. ND realities – frank appraisal, very candid
C. Consensus on significant and fundamental conclusions
   1. Future is not an extension of the past – Must change
   2. All of ND must benefit from strong economy – Statewide benefit
   3. NDUS must be proactive participant
      Intellectual assets
      Vehicle for future economy – Economic engine

D. 5/25/2000 Report "A North Dakota University System for the 21st Century"

VI. Executive Summary of Report

A. Future oriented – Next Century
B. Look at state's needs into 21st century
C. Saw State that, in absence of overt action, would :

   1. Continue to lose population, especially young
   2. Fall farther and farther behind in per capita income
   3. Be unable as a state to compete in new IT economy

D. Bold Steps/ Urgency required
E. Create Change

VII. Goal: "To enhance the economic vitality of ND and the quality of life of its citizens through a high quality, more responsive, equitable, flexible, accessible, entrepreneurial, and accountable University System."

All adjectives important!

VIII. Six Cornerstones (based on six different task forces)

A. E.D. Connection – Contribute to economic growth and social vitality of state

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B. Education excellence - lifelong learning, high quality, global view
C. Flexible & responsive system – empowered, competitive, Entrepreneurial, rewarding, engaged
D. Accessible – available to all – students, businesses, individuals, communities, citizens
F. Funding & Rewards – Encourage risk, provide reward, set expectations, assure accountability
G. Sustaining the Vision – Structure/process for continuation in 21st Century Didn't want report to sit on shelf

IX. 92 recommendations → 27 consolidated recommendations

Assigned to SBHE, Executive Branch, Legislature, NDUS, campuses, private sector

Formed basis of NDUS Strategic Plan – July 2001
"Creating a University System in the 21st Century"

X. Accountability Measures
84 measures → 36 consolidated measures

A. 1st Annual Accountability Measures Report - Dec. 2001
17 initial measures

B. 2nd Annual Accountability Measures Report – Dec. 2002
Additional 15 measures; 6 more in 2003

XI. You will hear more of how it is progressing. Campuses feel they have done everything they have been asked.
Some examples:

NDSU increased flexibility has led to:
Research & Technology Park
Increased research $ -- $40M => $100M
New PhD programs -- 19 => 37
53 New faculty -- first-rate people, could go anywhere
More graduate students -- Now have net import of graduate students rather than export

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Downtown Campus
Ability to utilize private funding
City of Fargo – Lake Region Police Officer Training Program

NDSU is <u>empowered</u>, <u>responsive</u>, <u>risk-oriented</u> and <u>accountable</u>

XII. National attention and recognition

A. Innovations Award from Council of State Governments
B. Bellwether Award from the Community College Futures Association
C. Recognition by the National Association of Governing Boards

XIII. Commend the Legislature for its vision of the future and the courage to change. This is a commitment that must not revert back to the old ways of doing things. Urge you to stay the course in this endeavor.

It is a win/win/win situation benefiting State, NDUS, citizens

Adage in large organizations: "Elephants can't dance." It suggests that large, bureaucratic organizations are not agile, responsive, or easily changed. But history has recorded many "elephants" which have been made to dance. The NDUS must be made to "dance" if it and this state intend to be relevant and intend to matter in the 21st Century.

I ask for your positive support of HB 1003.

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Testimony of Dennis Hill, executive vice president
North Dakota Association of Rural Electric Cooperatives

Re: Support of HB 1003 & the Higher Education Roundtable
Before the House Appropriations Committee
Wednesday, Jan. 8, Roughrider Room, State Capitol
Rep. Ken Svedjan, chairman

Good morning Chairman Svedjan and members of the committee. My name is Dennis Hill. I serve as executive vice president and general manager of the North Dakota Association of Rural Electric Cooperatives, the Mandan-based trade association for the state's 22 rural electric distribution, transmission and generation cooperatives.

I appreciate the invitation to appear before you today to provide a brief review of the Higher Education Roundtable. I was honored to accept Sen. Nething's invitation to serve on the Roundtable as a representative of the private sector. The rural electric cooperative network I represent has invested about $5 billion in the state in generation, transmission and distribution assets. As one of the state's largest corporate citizens, we care deeply about the strength and vitality of the university system as it helps provide us with our most important resource: talented people.

The state's electric cooperatives employ about 2,700 people across the state--most of whom hold an associate, bachelor's or advanced degree from an institution of higher learning. Ours is that kind of industry--very specialized and technical in many respects. But in addition to the technical and engineering experts we rely upon, our industry also demands excellent business, managerial, accounting, communications and legal backgrounds. We've found many of our employees from the ranks of the graduates of the North Dakota University system and are extremely pleased with the results.

I trust you'll see from this why the work of the Higher Education Roundtable was, and is, so important to us. In my view, the work of the Roundtable is very encouraging, especially because of the way it has helped revitalize and strengthen the private sector/public sector partnership with the university system. For industries like ours--that face unprecedented employee turnover in the decade ahead--that strengthened partnership could not be more timely.

In recent studies conducted by human resource professionals in the electric co-op network, we've learned that upwards of 50% of the employees in the electric cooperative network will be eligible to retire in the next 10 to 15 years. My friends with the International Brotherhood of Electrical Workers tell me that scenario exists all across the industry in many parts of the nation. Because of this trend line, we will have to rely upon the university system to help us refill our ranks with well-educated, well-rounded,

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technically competent professionals. This new approach set forth by the roundtable allows the university system to work with us to build the kind of programs that will serve us in the years ahead--without going through a laborious, bureaucratic process.

For example, Bismarck State College is an example of the kinds of centers of excellence that the Roundtable seeks to build. BSC has industry standing as a national leader in creating and offering on-line, power plant operator training programs. BSC also contracts with our association to offer a lineworker training program that graduates about 60 students a year that enter the industry as apprentice lineworkers. This is a critical need in our industry right now, as are the engineering graduates. So again, our industry is ever changing, and so should the university system and its institutions of higher learning. The Roundtable approach that sets out a common vision, a clear set of expectations, and an agreed upon list of accountability measures is perfect for the times.

Let me also add how encouraged I was by the Roundtable in its commitment to creating a better future for North Dakota. I work with many rural leaders across the state and know first hand the economic concerns that exist in many parts of our state. It would have been easy for the Roundtable to essentially say, let's accept that fate and move on. Instead, the Roundtable said clearly that the future is not an extension of our past; that the university system can be used as a catalyst to help jump start economic development, and that all parts of the state should be counted upon to help grow the state's economy. I certainly encourage this legislature to continue supporting this vision for our state.

In my view, this Roundtable report and its recommendations deserve the solid and continuing support of our state legislature. I'd be happy to answer any questions you might have.

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Exhibit # 5 first day

Testimony of Dennis Hill, executive vice president
North Dakota Association of Rural Electric Cooperatives

Re: Support of HB 1003 & the Higher Education Roundtable
Before the Senate Appropriations Committee
Friday, Feb. 28, Harvest Room, State Capitol
Sen. Ray Holmberg, chairman

Good morning Chairman Holmberg, and members of the committee. My name is Dennis Hill. I serve as executive vice president and general manager of the North Dakota Association of Rural Electric Cooperatives, the Mandan-based trade association for the state's 22 rural electric distribution, transmission and generation cooperatives.

I appreciate the invitation to appear before you today to provide a brief review of the Roundtable. I am honored to serve on the Roundtable as a representative of the private sector. Our rural electric network has invested about $5 billion in the state in generation, transmission and distribution assets. As one of the state's largest corporate citizens, we care deeply about the strength and vitality of the university system as it helps provide us with our most important resource: talented people.

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I trust you'll see from this why the work of the higher education roundtable was, and is, so important to us. In my view, the work of the roundtable is very encouraging, especially because of the way it has helped bond a private sector/public sector partnership with the university system. For industries like ours--that face unprecedented turnover in the decade ahead--that partnership could not be more timely.

In recent studies conducted by human resource professionals in the electric co-op network, we've learned that upwards of 50% of the employees in our program will be eligible to retire in the next 10 to 15 years. We will have to rely upon the university system to help us refill our ranks with well-educated, well-rounded, extremely competent professionals. This new approach set forth by the roundtable allows the university system to work with us to build the kind of programs that will serve us in the years ahead.

For example, Bismarck State College is a national leader in creating an on-line, power plant operator training program. BSC also contracts with our association to offer an

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Operator's Signature Date

lineworker training program. We also rely on our universities for the electrical engineers that we need. So again, our industry is ever changing. So should the university system be. This roundtable approach that sets out a common vision, a clear set of expectations, and an agreed upon list of accountability measures is perfect for the times.

Let me also add how encouraged I was by the roundtable in its commitment to creating a better future for North Dakota. I work with many rural leaders across the state and know first hand the economic concerns that exist in many parts of our state. It would have been easy for the Roundtable to essentially say, let's accept that fate and move on. Instead, the roundtable said clearly that the future is not an extension of our past; that the university system can be used as a catalyst to help jump start economic development, and that all parts of the state should be counted upon to help grow the state's economy. I certainly encourage this legislature to continue supporting this vision for our state.

In my view, this roundtable report and its recommendations deserves the solid and continuing support of our state legislature. I'd be happy to answer any questions you might have.

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Exhibit #6 first day

Testimony of Roger Reierson
President of Flint Communications, Fargo
on HB 1003
February 27, 2003

Mr. Chairman and members of the Senate Appropriations Committee, my name is Roger Reierson. I am the president of Flint Communications based in Fargo. I am also the chairman of the New Economy Initiative and a member of the Higher Education Roundtable and the Greater North Dakota Association Board of Directors.

I am testifying in support of HB 1003 because private industry recognizes the importance of higher education to our economic success. We believe that this partnership is essential for us to move forward in the knowledge-based economy.

The knowledge economy presents both a challenge and opportunity for states like North Dakota. With a strong education system and resourceful, hardworking people, North Dakota has the ability to excel in the knowlegde economy. Our higher education system addresses two issues: attracting talent and creating new opportunities.

Attracting talent is essential for growing existing businesses, recruiting new businesses, and supporting entrepreneurial development. It is the leg on which all other economic development efforts stand.

Dr. Richard Florida, a professor of regional economic development at Carnegie Mellon University and an expert on the shift to the new, knowledge economy, says that in the past, wealth came from physical skills and manual labor. But today, the real source of wealth and economic growth is from human brainpower and ideas.

Florida encourages states to pour resources into their universities because they are the engines of economic development.

In order for North Dakota to grow and compete in this economy, our state must aggressively attract and retain talented, innovative workers who are committed to contributing to our economy.

Universities are a magnet for talent and a key to future development and prosperity. As the economy becomes more global, skills and cumulative learning of the workforce become the key to both local and national competitiveness.

Universities must focus on drawing in and creating the talent that is needed grow our target industries and create local economic prosperity.

Business has a high dependence on higher education, and as we move to the future, business will rely on our higher education system even more. Successful communities across the nation that are placing a high value on their universities, and investing in them are reaping great rewards. Universities are the engines that create opportunity and they are working with the private sector to create opportunities. According to our research, this is one of the areas that could have the biggest economic impact on our state. That is why higher education is one of the budgets we want to fund appropriately.

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Through the work of the Higher Education Roundtable, North Dakota's Higher Education System has decided to become activity involved in economic development. I believe it would be in North Dakota's best interest to continue the Higher Education Roundtable through another interim study committee. In addition, the New Economy Initiative leaders have been working with Higher Education, the Congressional Delegation and the Governor's office to develop a strong partnership with the University System.

Here are some examples of university involvement in economic development:

- Working to expand entrepreneurship. For example an expert on economic development in Fargo estimates over 50 percent of new job growth will be due to entrepreneurship and business start-ups.
- Improving the availability of internships and mentorships to help business recruit young talent.
- Developing a research corridor to stimulate business growth through research and development. For example the Nano Science and Technology Center in Fargo has been a key component of attracting Alien Technology.
- Creating a program to help young people identify careers that offer promising job opportunities in North Dakota.
- Exploring market-based tuition that is affordable to North Dakota residents.
- Supporting the development of design centers and technology incubators to help bring new products to the marketplace.

The activities I have just discussed won't continue without the necessary resources needed to move them forward.

We have a higher education infrastructure in place, and it needs to be used for the greatest possible return. The New Economy Initiative Talent Pool Strategy has two major parts: attracting youth by filling our colleges and universities and keeping young people in the state by identifying future career tracks in North Dakota. Those tracks are focused around industries with promising growth potential such as Aerospace, Nanotechnology, Energy, Manufacturing, Tourism, Food Processing, and Information Technology.

We are a small state with limited resources, so we need to partner with the universities and focus on targeted career development. We need to work with the University System to identify and tell students what type of career that will be available if they would like to stay in North Dakota.

These growth opportunities won't happen in a knowledge-based economy without the partnerships and involvement of a high quality higher education system.

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Greater North Dakota Association

STATEMENT BY DALE O. ANDERSON, PRESIDENT, GNDA, REGARDING HB 1003, THE NORTH DAKOTA HOUSE APPROPRIATIONS COMMITTEE, JANUARY 8, 2003.

Chairman Svedjan and members of the House Appropriations Committee. I am Dale O. Anderson, President, GNDA, North Dakota State Chamber of Commerce. Thank you for this opportunity to provide testimony in support of HB 1003.

The Greater North Dakota Association is the voice for business and principal advocate for positive change for North Dakota. The organization's membership is an economic and geographic cross section of North Dakota's private sector, including statewide associations and local chambers of commerce, development organizations and convention and visitors associations and public sector organizations. GNDA is governed by a Board of Directors elected by our membership. The GNDA Board Chairman is Dr. Jay Leitch, Dean, College of Business Administration, NDSU, Fargo.

On behalf of private sector business people, we express our appreciation to the 2001 Legislative Assembly for passing into law recommendations from the 1999 Roundtable on Higher Education. This group concluded that: (1) North Dakota's future is not an extension of the trends of the past, (2) All of North Dakota must benefit from a stronger economy, and (3) The economic vitality of North Dakota is closely linked to the North Dakota University System.

We convey our congratulations to members of the Higher Education Committee and the Roundtable on Higher Education for being selected as one of the eight council of State Governments Innovations Award recipients in the nation this year. GNDA has watched the evolution of this initiative and the formation of new relationships built upon mutual trust and common goals, and we applaud your accomplishments. We commend Board Chairman Chuck Stroup, Board Members, Chancellor Isaak, and University and College Presidents, staff, and students for the timely implementation of the Roundtable recommendations.

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North Dakota's State Chamber of Commerce

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Two years ago, GNDA coordinated an effort to build a more successful economy in North Dakota – the New Economy Initiative. This initiative has been successful to help mobilize North Dakotans create new ideas, new mindsets, new growth, and to leverage technology opportunities to shape a more competitive state economy. In today's economy, information and ideas are the essential ingredients for generating wealth. Labor is needed, not so much for its muscle, but for its mind power. An entrepreneurial university system is essential to expand, diversify, and create a more prosperous state.

The Greater North Dakota Association supports re-enactment as permanent law the 2001 "flexibility with accountability" legislation you are considering in HB 1003 today. We specifically support:

1. Flexibility in the amount and use of tuition and all other revenues received by the campuses;
2. Carryover of unspent general fund appropriations from one biennium to the next;
3. Streamlined appropriations through block grants; and
4. Accountability measures.

Private sector business people strongly support your recognition of the University System as an economic development engine for our state. We have seen what you have created by unleashing the entrepreneurial strength and spirit of the University System.

Thank you Chairman Svedjan and members of the House Appropriations Committee for this opportunity to discuss the business community's position on HB 1003. We urge a do pass on HB 1003. I welcome your questions.

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Exhibit # 7 first day

Greater North Dakota Association

STATEMENT BY GUY MOOS, PRESIDENT, BAKER BOY SUPPLY, AND PAST CHAIRMAN, GNDA, REGARDING ENGROSSED HB 1003, THE NORTH DAKOTA SENATE APPROPRIATIONS COMMITTEE, FEBRUARY 28, 2003

Chairman Holmberg and members of the Senate Appropriations Committee. I am Guy Moos, President, Baker Boy Supply, Dickinson, and past chairman, GNDA, North Dakota State Chamber of Commerce. Thank you for this opportunity to provide testimony in support of HB 1003.

The Greater North Dakota Association is the voice for business and principal advocate for positive change for North Dakota. The organization's membership is an economic and geographic cross section of North Dakota's private sector, including statewide associations and local chambers of commerce, development organizations and convention and visitors associations and public sector organizations. GNDA is governed by a Board of Directors elected by our membership. The GNDA Board Chairman is Dr. Jay Leitch, Dean, College of Business Administration, NDSU, Fargo. Dr. Leitch's extremely busy schedule is my good fortune today and I bring his regrets.

On behalf of private sector business people, we express our appreciation to the 2001 Legislative Assembly for passing into law recommendations from the 1999 Roundtable on Higher Education. This group concluded that: (1) North Dakota's future is not an extension of the trends of the past, (2) All of North Dakota must benefit from a stronger economy, and (3) The economic vitality of North Dakota is closely linked to the North Dakota University System.

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9/30/03
Date

NORTH DAKOTA UNIVERSITY SYSTEM
EQUITY ALLOCATION PLAN FOR $3,703,000
FROM 2001-03 EQUITY AND SPECIAL NEEDS BLOCK GRANT
As Recommended by Board Budget and Finance Committee
5-Nov-01

	(1)	(2)	(3)
	85% of Peer Benchmark		
	Amount Needed 1/	Percent of Total	Prorata Share
BSC	$10,882,254	11.33%	$419,694
LRSC	$3,902,365	4.06%	$150,502
WSC	$892,814	0.93%	$34,433
UND	$34,214,788	35.63%	$1,319,554
NDSU	$38,417,754	40.01%	$1,481,649
NDSCS	$0	0.00%	$0
DSU	$2,975,609	3.10%	$114,760
MASU	$0	0.00%	$0
MISU	$3,691,554	3.84%	$142,371
VCSU	$0	0.00%	$0
MISU-BC	$1,038,119	1.08%	$40,037
TOTAL	$96,015,257	100.00%	$3,703,000

1/ Taken from Oct. 25, 2001 REVISED draft resource allocation model - 85% in six years

lg/110501\g:\laura\excel\resource allocation\0103 equity allocation

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NORTH DAKOTA UNIVERSITY SYSTEM
2001-03 Equity and Special Needs Block Grant
Special Initiatives Allocations

Campus	Priority Number	Proposal Description	Total Cost	Campus Initiative Request	Campus Initiative Allocated
BSC	1	Electrical Transmission Systems Technology Program	$407,000	$200,000	$140,000
RSC	1	Delivering Associate in Applied Science Degree to the Grand Forks region	332,020	250,000	
WSC	1	Internet/ Networking Specialist Program	77,822	77,822	
WSC, MiSU-BC,MiSU, Ft. Berthold	1	Minot Area Postsecondary Vocational Program Coordination	215,200	162,100	110,000
WSC, MiSU-BC	2	Entrepreneurial Tourism	88,000	88,000	
JND	1	Course and Faculty Development	400,000	250,000	
	2	Faculty Seed Money Project	800,000	200,000	
	3	American Indian Programs Support-Grant Writer	615,000	57,000	55,000
	4	Articulation Program/Transfer Student Scholarships	118,000	56,000	
	6	Patents and Licensing	86,372	50,000	40,000
	7	LPN Mobility Curriculum	84,025	84,025	
	8	Development of On-Line Engineering Laboratories	107,000	82,000	
MDSU	1	Classroom Technology	286,000	250,000	
MDSU, UND	2,5	Cooperative Library Resource Sharing	66,222	66,222	55,000
MDSCS	1	Technology and learning: Program Offerings in Fargo	425,000	170,000	135,000
DSU, BSC	1	Southwest Pipeline of Information for Communities and Education (SPICE)	275,678	223,478	95,000
MaSU, VCSU	1	Succes in the New Century	257,950	73,200	70,000
MaSU	2	MyComet-A Web Portal for recruitment and retention	120,300	56,000	
MiSU	1	International Student Recruiting and Management	785,040	375,000	137,500
MiSU	2	Research Initiative	175,000	150,000	
VCSU	2	Globalization - China and Mexico	22,942	19,442	19,000
	3	Developing a regional IT Culture in the Sheyenne Valley	52,000	52,000	
MiSU-BC	1	Adding Value - Information Technology Program Development	194,500	99,500	69,324
	2	Environmental Technology	140,000	93,000	
VAC/All campuses	1	Degree Audit System	340,000	340,000	
			$6,478,871	$3,522,569	$825,824

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Exhibit #12
Power-point
Presentation
first day

Brief Summary

Report of the State Board of Higher Education's Committee on Employee Compensation

March 2002

Contents

Critical Findings
Turnover
Salary
Cost of living in North Dakota

Critical Conclusions

Recommendations
Faculty Approach
Staff Approach

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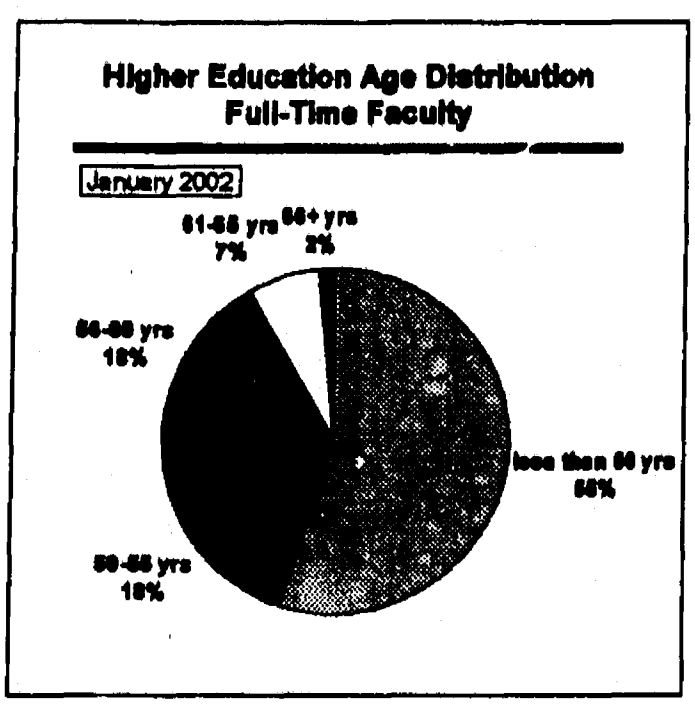
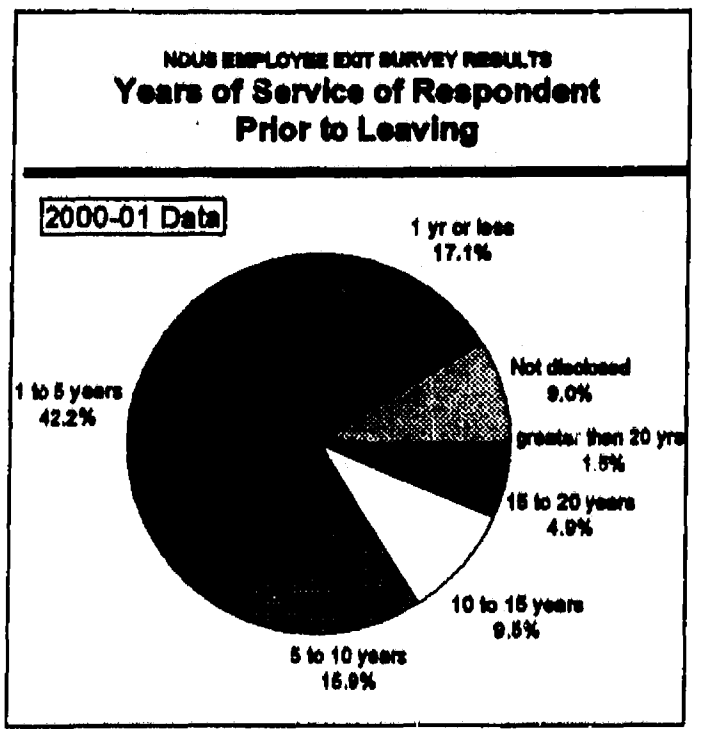
Turnover

Forty-five percent of NDUS faculty are currently age 50 or above and nearing retirement.



Turnover

- **Nearly 60 percent of the people choosing to leave NDUS employment had less than five years of service.**



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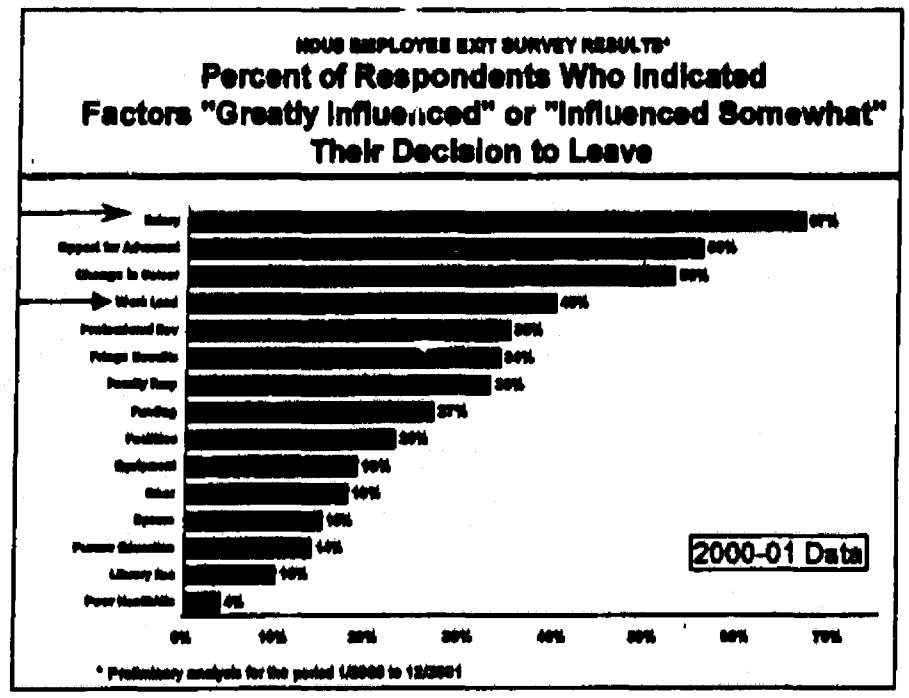
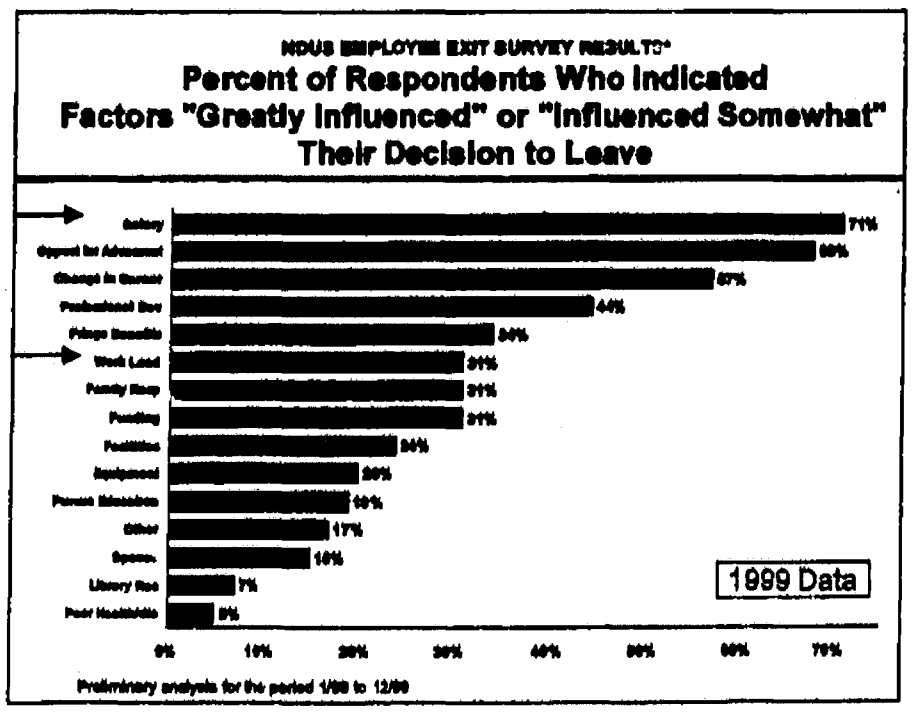
Turnover

- **People choosing to leave NDUS employment cite low wages as the number one factor in their decision.**

Workload has moved from sixth to fourth place as a major influence for leaving employment. Faculty and staff recognize workloads are increasing while income has not kept pace with the cost of living in North Dakota.





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Salaries - Faculty

- **North Dakota ranks 50th nationally in salaries among 9/10-month faculty at four-year public institutions and 46th at two-year public institutions.**
- **Faculty salaries lag from 20.1 percent to 33.1 percent below the regional market.**

Listing of States by Rank of Average Salary for 9/10 Month Faculty of Public Higher Education Institutions in 50 States and DC

Public Universities (all faculty)	
District of Columbia	n/a
California	$65,636
New Jersey	$75,264
Minnesota	$73,577
Connecticut	$72,951
Wisconsin	$69,211
Michigan	$68,357
Delaware	$67,486
Massachusetts	$67,123
North Carolina	$66,700
Pennsylvania	$66,182
New York	$65,973
Iowa	$65,001
Nevada	$64,471
Rhode Island	$63,882
Maryland	$63,448
Hawaii	$63,250
Georgia	$63,076
Virginia	$62,616
Colorado	$62,577
Arizona	$62,358
Missouri	$62,290
Florida	$60,808
Illinois	$60,625
Ohio	$59,392
Tennessee	$58,882
Texas	$58,338
Washington	$58,082
South Carolina	$58,003
Kentucky	$57,391
Nebraska	$57,382
Indiana	$56,862
New Hampshire	$56,659
Utah	$54,425
Oklahoma	$54,229
Alabama	$53,630
Vermont	$53,548
Alaska	$53,525
Kansas	$53,397
Maine	$53,165
Oregon	$53,007
West Virginia	$52,958
Arkansas	$52,733
New Mexico	$52,504
Idaho	$51,998
Louisiana	$51,840
Montana	$49,599
Mississippi	$49,513
Wyoming	$48,243
South Dakota	$42,719
→ North Dakota	$42,630

Public 4-yr institutions (all faculty)	
Wyoming	n/a
New Jersey	$64,702
California	$64,219
Connecticut	$59,113
Nevada	$58,549
New York	$58,060
Pennsylvania	$56,836
Massachusetts	$55,214
Virginia	$54,489
Michigan	$53,846
Georgia	$53,344
District of Columbia	$52,805
Ohio	$52,392
Florida	$52,064
Maryland	$51,727
Alaska	$51,689
Iowa	$51,530
Rhode Island	$51,431
Minnesota	$51,360
Wisconsin	$51,071
Illinois	$50,700
Delaware	$50,570
Missouri	$50,395
North Carolina	$50,322
Arizona	$50,071
Hawaii	$49,444
New Hampshire	$49,188
Colorado	$48,783
Indiana	$47,792
Washington	$47,205
Maine	$46,692
Kentucky	$46,558
Tennessee	$46,556
Nebraska	$46,505
Alabama	$46,411
Oregon	$46,201
Texas	$46,133
Idaho	$45,625
Mississippi	$44,830
South Carolina	$44,366
Kansas	$43,653
Arkansas	$43,616
Utah	$43,215
Oklahoma	$43,078
Louisiana	$42,93[illegible]
Montana	$42,666
New Mexico	$42,256
West Virginia	$42,183
South Dakota	$40,704
Vermont	$40,248
North Dakota	$37,965

Public 2-yr colleges	
District of Columl	n/a
Vermont	n/a
Alaska	$60,021
California	$58,849
Michigan	$58,510
New Jersey	$57,458
New York	$54,233
Illinois	$53,455
Connecticut	$53,217
Wisconsin	$51,871
Arizona	$51,576
Pennsylvania	$51,526
Maryland	$48,510
Hawaii	$47,317
Minnesota	$46,883
Nevada	$45,947
Ohio	$45,647
Delaware	$45,627
Oregon	$45,347
Rhode Island	$44,984
Florida	$43,396
Missouri	$42,663
Virginia	$42,389
Massachusetts	$42,328
Alabama	$42,277
Georgia	$41,810
Texas	$41,321
Washington	$41,117
Maine	$39,923
Kentucky	$39,277
Mississippi	$39,111
Idaho	$38,898
Colorado	$38,583
Iowa	$38,334
Utah	$38,144
Kansas	$38,010
Oklahoma	$37,556
West Virginia	$37,307
New Hampshire	$36,564
Tennessee	$36,502
Indiana	$36,309
Nebraska	$35,422
Louisiana	$35,248
South Carolina	$35,014
New Mexico	$34,600
→ North Dakota	$34,371
Arkansas	$33,823
Wyoming	$33,820
Montana	$33,076
South Dakota	$32,918
North Carolina	$32,583

Information taken from Chronicle of Higher Education, 2001 Almanac

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Amount and Percent North Dakota Average Faculty Salaries Lag Behind the National and Regional Markets 1982-83 through 2000-2001 (In Thousands of Dollars)

YEAR	DOCTORAL				COMPREHENSIVE				BACCALAUREATE				TWO-YEAR			
	[illegible]		[illegible]		[illegible]		[illegible]		[illegible]		[illegible]		[illegible]		[illegible]	
1982-83	($3.4)	-12.7%	($2.1)	-7.6%	($2.1)	-6.9%	$0.0	0.0%	$0.2	0.8%	$1.1	4.8%	($1.0)	-4.3%	$1.0	4.3%
1983-84	($4.6)	-17.0%	($2.7)	-10.0%	($3.5)	-14.2%	($2.1)	-8.5%	($0.7)	-2.9%	($0.9)	-3.7%	($1.9)	-8.1%	($0.2)	-0.9%
1984-85	($6.5)	-23.7%	($4.7)	-17.2%	($5.1)	-20.9%	($3.3)	-13.3%	($2.3)	-9.4%	($1.9)	-7.8%	($2.2)	-9.1%	$0.5	2.1%
1985-86	($5.8)	-19.1%	($3.2)	-10.5%	($5.2)	-19.3%	($2.9)	-10.8%	($1.6)	-6.0%	($0.6)	-2.2%	($2.0)	-7.5%	$1.5	5.6%
1986-87	($7.2)	-22.9%	($3.7)	-11.7%	($5.3)	-18.5%	($2.1)	-7.3%	($1.9)	-6.8%	($1.6)	-5.8%	($2.9)	-10.5%	$0.5	1.9%
1987-88	($9.1)	-28.8%	($5.1)	-16.0%	($6.6)	-23.0%	($3.6)	-12.5%	($3.1)	-11.1%	($1.9)	-6.8%	($4.3)	-16.0%	($0.9)	-3.4%
1988-89	($10.8)	-34.0%	($7.3)	-22.7%	($9.1)	-31.4%	($5.9)	-20.3%	($5.5)	-20.1%	($3.9)	-14.2%	($6.5)	-24.1%	($3.4)	-12.6%
1989-90	($10.6)	-30.4%	($7.8)	-22.9%	($8.8)	-28.1%	($5.1)	-16.3%	($4.3)	-14.3%	($4.2)	-14.0%	($5.9)	-20.6%	($2.9)	-10.1%
1990-91	($10.7)	-29.0%	($8.6)	-23.3%	($8.7)	-26.0%	($5.3)	-15.8%	($5.6)	-18.2%	($5.7)	-18.6%	($6.6)	-22.1%	($3.2)	-10.7%
1991-92	($10.5)	-27.3%	($8.7)	-22.7%	($8.6)	-24.6%	($4.1)	-11.7%	($4.5)	-13.5%	($4.2)	-12.6%	($7.4)	-24.0%	($2.6)	-8.1%
1992-93	($11.3)	-29.2%	($10.2)	-26.4%	($8.6)	-24.4%	($5.6)	-16.0%	($5.6)	-17.9%	($5.6)	-18.2%	($7.1)	-22.8%	($4.1)	-13.1%
1993-94	($12.0)	-30.4%	($10.5)	-26.6%	($8.2)	-22.3%	($5.1)	-13.9%	($6.7)	-20.1%	($6.3)	-18.9%	($8.1)	-25.6%	($3.4)	-10.6%
1994-95	($13.2)	-32.7%	($11.7)	-29.0%	($8.6)	-22.6%	($6.0)	-15.9%	($7.5)	-22.1%	($6.8)	-20.1%	($8.8)	-27.2%	($4.0)	-12.3%
1995-96	($17.2)	-42.4%	($13.5)	-33.3%	($9.7)	-25.5%	($6.2)	-16.3%	($7.8)	-22.8%	($7.0)	-20.2%	($9.3)	-28.8%	($5.0)	-15.5%
1996-97	($17.4)	-43.9%	($16.4)	-41.3%	($7.3)	-17.6%	($6.1)	-14.7%	($9.6)	-34.4%	($6.8)	-19.9%	($9.0)	-27.2%	($5.6)	-16.9%
1997-98	($15.4)	-36.2%	($15.7)	-36.9%	($11.1)	-26.6%	($7.9)	-20.4%	($9.1)	-35.2%	($7.0)	-19.4%	($7.9)	-22.8%	($4.7)	-13.5%
1998-99	($15.4)	-33.0%	($15.1)	-32.4%	($11.9)	-30.2%	($8.5)	-21.5%	($9.6)	-28.1%	($7.5)	-20.4%	($8.5)	-27.2%	($6.2)	-17.9%
1999-2000	($17.0)	-36.2%	($17.5)	-37.2%	($13.5)	-34.5%	($10.4)	-26.4%	($10.6)	-29.5%	($8.6)	-17.7%	($9.9)	-28.0%	($6.2)	-17.5%
2000-2001	($15.7)	-32.0%	($16.2)	-33.1%	($11.7)	-27.3%	($8.6)	-20.1%	($10.9)	-28.7%	($8.5)	-22.4%	($9.9)	-27.2%	($9.4)	-25.9%
20001-2002 est.	($15.5)	-31.4%	($16.4)	-32.4%	($11.5)	-26.7%	($8.6)	-19.5%	($11.0)	-28.1%	($8.5)	-21.5%	($10.0)	-28.5%	($9.5)	-25.2%

C:\data\2003\01\legislative faculty salaries.xls

Source: Information from American Association of University Professionals published in *Academe*, March 2002.
States included: Colorado, Iowa, Kansas, Minnesota, Missouri, Montana, North Dakota, Nebraska, Oklahoma, South Dakota, Wisconsin, Wyoming.

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Salaries - Broadband Staff

- **NDUS broadband administrative salaries average 20 percent below market and professional staff salaries average 15 percent below market.**
- **As a group, broadband staff salaries are averaging 14 percent below market.**

Average Broadband Staff Salaries Compared to North Dakota Job Market

Band #	Job Family	Average Salary	Market Salary	% Variance
		Doctoral		
1000	Administrative/Managerial	$59,439	$65,616	10.7%
3000	Professional	35,591	36,915	3.7%
4000	Technical & Paraprofessional	24,595	25,190	2.4%
5000	Office Support	21,404	21,915	2.4%
6000	Crafts/Trades	28,997	32,286	12.5%
7000	Services	18,527	19,126	3.2%
	Total	$31,376	$33,641	6.9%
		Comprehensive		
1000	Administrative/Managerial	$44,883	$59,215	31.9%
3000	Professional	33,217	40,160	20.9%
4000	Technical & Paraprofessional	24,138	24,022	0.0%
5000	Office Support	19,536	23,609	20.8%
6000	Crafts/Trades	24,512	30,147	23.0%
7000	Services	18,919	21,541	13.9%
	Total	$27,634	$33,116	20.3%
		4-year		
1000	Administrative/Managerial	$39,802	$48,051	17.2%
3000	Professional	29,520	35,654	20.8%
4000	Technical & Paraprofessional	22,179	24,406	10.0%
5000	Office Support	18,393	20,745	12.8%
6000	Crafts/Trades	22,227	28,470	28.1%
7000	Services	16,234	17,108	5.4%
	Total	$24,726	$28,839	16.6%
		2-year		
1000	Administrative/Managerial	$41,528	$50,650	22.0%
3000	Professional	32,432	37,651	16.1%
4000	Technical & Paraprofessional	21,328	24,490	14.8%
5000	Office Support	20,536	22,289	8.5%
6000	Crafts/Trades	24,029	26,491	10.2%
7000	Services	19,499	20,283	4.0%
	Total	$26,559	$30,309	14.1%

g:\anna\700799\market salary.xls

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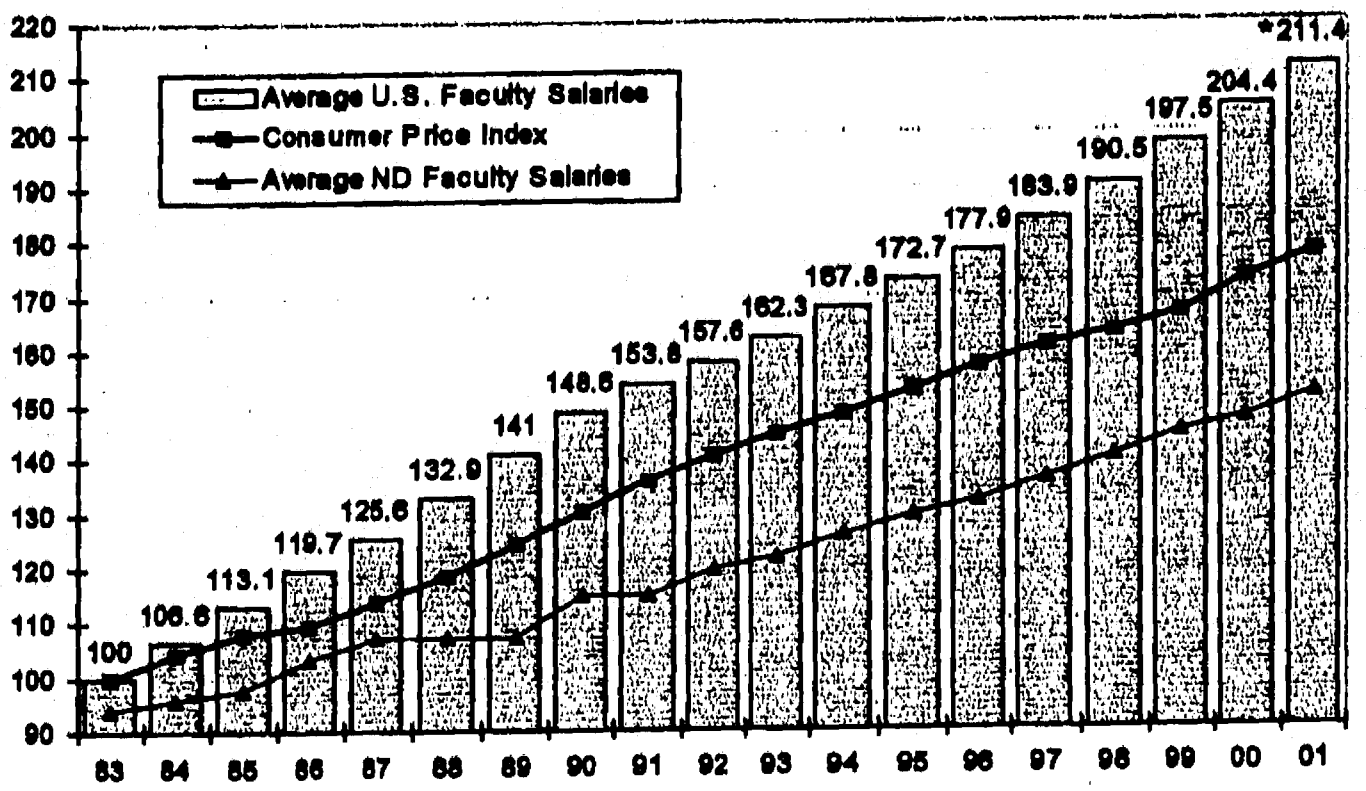
Cost of living in North Dakota - Faculty

- **Related data show average faculty salaries across the nation surpassing cost of living increases while North Dakota faculty salaries have not kept up with cost of living increases.**

Faculty Salary Trends and the Cost of Living



* Projected Amount
Consumer Price Index: July 1983 = 100
Sources: American Association of University Professors; U.S. Department of Labor

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Cost of living in North Dakota

- **North Dakota's cost of living is approximately the same as the U.S. cost of living.**
- **North Dakota's standard of living is below the U.S. standard of living.**
- **The real purchasing power of North Dakota wages is lower than the average real purchasing power for the U.S.**

City	Cost of Living Factor[1]	PCPI Factor[2]	Standard of Living Index[3]
North Dakota			
Bismarck	99.6	87.6	88.2
Fargo	97.1	92.2	94.9
Grand Forks	97.7	84.3	86.2
Minot	94.3	n/a	n/a
Minnesota			
Minneapolis	101.7	123.4	121.3
Rochester	99.7	113.5	113.9
St. Cloud	96.9	82.9	83.8
St. Paul	103.2	123.4	119.5
South Dakota			
Rapid City	96.3	87.7	91.1
Sioux Falls	94.0	107.1	113.9
Montana			
Billings	98.8	89.8	90.9
Great Falls	97.3	87.2	89.6
Helena	89.5	n/a	n/a
Missoula	100.1	85.4	85.3
Wisconsin			
Madison	104.7	111.1	106.1
Milwaukee	104.5	112.4	107.6

[1] **Cost of Living Factor**
Indicates how the city compares to the nation as a whole. All cities are combined to develop the national average, which is represented by the number 100.0. A factor higher than 100 indicates the city's cost of living is higher than average, and vice versa.

This figure was obtained from Maze Recruiters & Associates, an employment recruiting firm in Mentor, Ohio. For a full description of the methodology used to compute the cost of living factor and a full list of cities, see the company's web site at: www.mazerecruiters.com/job.htm

[2] **PCPI (Per Capita Personal Income) Factor**
Also indicates how the city compares to the nation as a whole. The national PCPI figure is represented by the number 100.0. A factor higher than 100 indicates the city's PCPI is higher than average, and vice versa. The reference year is 1998.

PCPI is used in lieu of wages because the data is available for cities, while wage data is only available on the county level.

Per capita personal income is computed by the Bureau of Economic Analysis in the United States Commerce Department. The Bureau's web site may be found at: www.bea.doc.gov

[3] **Standard of Living Index**
Compares cost of living to per capita personal income to derive a city's relative standard of living.

- An index number of 100.0 indicates a city's PCPI matches up perfectly with its cost of living.
- An index number less than 100.0 indicates a city's PCPI is relatively low compared to its cost of living. Presumably, standard of living is relatively lower in these cities.
- An index number greater than 100.0 indicates a city's PCPI is relatively high compared to its cost of living. Presumably, standard of living is relatively higher in these cities.

Source: *North Dakota's Economic RoadMap 2001*, published by Job Service North Dakota

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Critical conclusions

- **The combination of North Dakota's equivalent cost of living, lower living standards, loss of real purchasing power, and non-competitive salary makes it increasingly difficult to retain employees and fill vacated positions.**

- **The current State of North Dakota's benefits package compares well to that offered by other large regional employers. Continuation of this benefits package is critical to campus retention and recruitment.**

Recommendations

Recommendations for compensation must address ***1) maintenance of employee benefits, 2) maintenance of salary purchasing power, and 3) salary competitiveness.*** Maintenance of employee benefits will continue to make North Dakota's benefits compensation package competitive. Maintenance of salary purchasing power and reaching competitive salaries are more difficult challenges.

Faculty Approach

For faculty, the most important compensation issue after maintenance of employee benefits is maintaining salary purchasing power with a prescribed solution. This approach seeks to "stop the bleeding." **Low salaries must first maintain their purchasing power. Salary adjustments for inflation must be addressed first.** Additional monies can address salary competitiveness.

- **Maintain the State's contribution for employee health insurance premiums at 100 percent of actual premium and current employee co-payments and deductibles.**

- **Provide, in each year of the 2003-2005 biennium, a salary adjustment for inflation, using the Consumer Price Index—the common tool used to adjust costs for inflation.**

- **Provide flexible funding to move positions to 100 percent of regional average, with funds placed in a SBHE pool for distribution to campuses, based upon market disparity and/or performance within eight years.**

Staff Approach

Staff recommendations do not prescribe specific monies for maintenance of purchasing power.

- **Maintain the state's contribution for employee health insurance premiums at 100 percent of actual premium and current employee co-payments and deductibles.**

- **Provide to each campus funding sufficient for salary increases averaging 5 percent to 7 percent for each year of the biennium.**

- **Provide maximum campus flexibility in the administration of salary increases with no requirement of across-the-board increases.**

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North Dakota
University System

Creating a University System for the 21st Century

Report of the State Board of Higher Education's Committee on Employee Compensation

March 2002

NORTH DAKOTA

The Vital Link to a Brighter Future

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9/30/03 — Date

Report of the State Board of Higher Education's Committee on Employee Compensation

Submitted March 2002

Purpose

The North Dakota University System (NDUS) Compensation Committee was created by the Chancellor to develop recommendations and a long-term strategic plan concerning salary and compensation for NDUS faculty and staff.

Members

Faculty Compensation Committee, Council of College Faculties, Henry Riegler, Chair
Human Resources Council, Peggy Torrance, Chair

* Staff and technical support provided by the NDUS System Office

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Executive Summary

Critical Findings

Turnover

- **Since 1996, an average of 8.3 percent of benefited staff and 7.4 percent of benefited faculty leave their NDUS jobs every year.**
- **Forty-five percent of NDUS faculty are currently age 50 or above and nearing retirement.**
- **Nearly 60 percent of the people choosing to leave NDUS employment had less than five years of service.**
- **People choosing to leave NDUS employment cite low wages as the number one factor in their decision.**

Salary

- **Faculty salaries lag from 20.1 percent to 33.1 percent below the regional market.**
- **NDUS broadband administrative salaries average 20 percent below market and professional staff salaries average 15 percent below market.**
- **As a group, broadband staff salaries are averaging 14 percent below market.**

Cost of living in North Dakota

- **North Dakota's cost of living is approximately the same as the U.S. cost of living.**
- **North Dakota's standard of living is below the U.S. standard of living.**
- **The real purchasing power of North Dakota wages is lower than the average real purchasing power for the U.S.**

Critical conclusions

- **The combination of North Dakota's equivalent cost of living, lower living standards, loss of real purchasing power, and non-competitive salary makes it increasingly difficult to fill and retain vacated positions.**
- **The current State of North Dakota's benefits package compares well to that offered by other large regional employers. Continuation of this benefits package is critical to campus recruitment and retention.**

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Recommendations

Faculty Approach

- **Maintain the state's contribution for employee health insurance premiums at 100 percent of actual premium and current employee co-payments and deductibles.**

- **Provide, in each year of the 2003-2005 biennium, a salary adjustment for inflation, using the Consumer Price Index—the common tool used to adjust costs for inflation.**

- **Provide adequate funding to move positions to 100 percent of regional average in eight years, with funds placed in a SBHE pool for distribution to campuses, based upon market disparity and/or performance.**

Staff Approach

- **Maintain the state's contribution for employee health insurance premiums at 100 percent of actual premium and current employee co-payments and deductibles.**

- **Provide to each campus funding sufficient for salary increases averaging 5 percent to 7 percent for each year of the biennium.**

- **Provide maximum campus flexibility in the administration of salary increases with no requirement of across-the-board increases.**

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A Vital Link to a Brighter Future

North Dakota citizens, educators, and legislators have rejected the "close down" approach to North Dakota's problems. North Dakota's future prosperity will depend on progressive thinking and progressive agendas. North Dakotans recognize the North Dakota University System (NDUS) as a vital partner in developing North Dakota's future. The NDUS is providing greater student access to educational services through flexible delivery. Using new technologies, the NDUS is delivering custom-made education to more students today and will accommodate even greater numbers of students in the future. NDUS institutions are entering into economically dynamic research and development partnerships that will benefit North Dakotans for years to come. NDUS activities in North Dakota have an economic impact of $1.5 billion dollars annually. NDUS budget monies cycle through the pockets of state citizens 2.8 times annually, in effect turning each budget dollar into nearly three (NDUS economic impact statement prepared by Larry Leistritz, Professor, NDSU Agribusiness and Applied Economics for the March 2000 Compensation Report). A prosperous and progressive future within the NDUS, however, depends upon a significant restoration of capital investment in NDUS faculty, staff, and administration.

Challenges

Compensation includes wage payments plus a variety of fringe benefits paid for by the employer, such as paid vacations, paid holidays, payments for medical and hospital insurance, payments into retirement funds, employer payments to funds for Social Security and unemployment insurance. The major compensation issue facing the NDUS is that wage payments are inadequate. We see the evidence in turnover statistics, cost of living data, and salary and workload information.

Turnover

North Dakota and the NDUS have a lot to offer. Unfortunately, faculty and staff are leaving their jobs too often and too soon. Since 1996, an average of 8.3 percent of benefited staff and 7.4 percent of benefited faculty leave their NDUS job every year (Exhibit I). In some institutions the one-year percentages have been as high as 24.7 percent for staff and 13.3 percent for faculty. Of faculty and staff leaving the NDUS, 59.3 percent leave within five years of employment (Exhibit II). It is apparent from the data that faculty and staff leave the NDUS as soon as they have gained a sufficient amount of experience to make them marketable elsewhere. Institutions invest considerable capital on hiring and retaining new faculty and staff, only to watch them leave.

Data on the faculty group also suggest an increase in retirements in the next decade or so. About 45 percent of NDUS faculty members are over 50 years of age, and 27 percent are older than 56 years of age (Exhibit II). The high percentage of new faculty and staff leaving their institutions suggests fewer and fewer faculty and staff of any kind will be available to follow veteran employees into seniority. After veteran faculty and staff retire, how will NDUS retain new hires?

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Seventy one percent of faculty and staff in 1999 and 67 percent in 2000-01 indicated that low salary was a factor that was either greatly influential or somewhat influential in causing them to make a decision to leave NDUS employment. Unfortunately, workload has moved from sixth to fourth place as a reason for leaving. In 1999, 31 percent of faculty and staff said workload was influential in their decision to leave; however, in 2000-01, 40 percent identified workload as an influential factor in leaving (Exhibit III). Faculty and staff recognize workloads are increasing while income has not kept pace with the cost of living in North Dakota.

North Dakota's Cost of Living

Contrary to conventional thinking, the cost of living in North Dakota is comparable to average costs across the United States. North Dakota's standard of living, however, is below the average U.S. standard of living. Our standard of living is below average, but living costs are average. Thus, the real purchasing power of NDUS wages is lower than the average real purchasing power for the United States (Exhibit IV).

Salary

Salary trends in the NDUS have not kept up with market increases or cost of living adjustments. Related data from the U.S. Department of Labor statistics show average faculty salary trends across the nation surpassing cost of living (Exhibit V).

Depending on the institution, the average salary of technical/ paraprofessional employees is as much as 14.8 percent below market while office support employees range 2.4 percent to 20.8 percent below market. Craft and trades employees range 10.2 percent to 28.1 percent below market and service employees range 3.2 percent to 13.9 percent below market. Professional staff salaries are 3.7 percent to 20.9 percent below market and administrative staff salaries are 10.7 percent to 31.9 percent below market (Exhibit VI).

North Dakota ranks 50th nationally in salaries among 9/10 month faculty at four-year public institutions (Exhibit VII). In 2000-01, faculty salary levels ranged 20.1 percent to 33.1 percent below regional markets, depending on the type of institution (Exhibit VIII).

North Dakota pays faculty, on average, the lowest salary in the United States and most staff below market, many significantly below market. Faculty and staff have also identified increased problems with work demands. The combination of low pay and high work demands results in stress, reductions in productivity, and, particularly for new faculty and staff, decisions to leave their employment.

The state of North Dakota offers a comprehensive benefit package to NDUS employees. According to the Central States Compensation Association (CSCA), North Dakota's benefit package is on par with those of other states (Exhibit IX).

Concluding Comments

Total compensation is both an investment and a cost to the employer but it is, at the same time, a living income to the employee. A decision regarding total compensation must balance the economic concern of both the employer (NDUS) and the employees (faculty, staff & administration).

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Total compensation paid must consider the employee's economic concern—a living income, otherwise the labor force diminishes as workers leave their employment with NDUS. The economic concern of faculty or staff is the purchasing power of their wage against the prices that the faculty or staff must pay for goods and services. Faculty and staff make comparisons between different regions and states, and comparisons over time regarding their own pay. The faculty and staff are realizing that NDUS pay has not kept up with inflation over the past three decades, nor has it kept up with the pay in other regions and states.

Unfortunately, the NDUS has positioned itself in the higher education market as a low-wage employer. It has bestowed upon itself the problems of a low-wage employer. Low-wage employers have difficulty recruiting high-quality workers. They cannot easily demand superior performance, without having negative impact on morale. Since the NDUS pays like a low-wage employer, it has higher recruitment, screening and replacement costs. It has rapid and high turnover. It uses its managerial time less effectively.

The NDUS situation is a reflection of our state economic problem. It is why North Dakotans are embracing progressive agendas. Through the adoption of the roundtable recommendations, the North Dakota state legislature and the SBHE agreed higher education must become proactive through flexibility and must address the deteriorating compensation of employees. Flexibility has certainly resulted in proactive decision processes at the campus and system levels. Compensation changes have also occurred through salary equity pools and internal reallocation by the campuses.

Compensation, however, remains the primary obstacle to continued progress. We must bring higher wages to North Dakota. To be competitive, we must increase employment opportunities and employment retention though higher wages. The NDUS will not be able to address these significant compensation problems solely through reallocation. The NDUS and state must partner to address employee compensation.

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Recommendations

With these North Dakota realities in mind, and an awareness of what is necessary to meet the needs of NDUS, recommendations for compensation must address ***1) maintenance of salary purchasing power, 2) salary competitiveness, and 3) maintenance of employee benefits.*** Maintenance of employee benefits will continue to make North Dakota's benefits compensation package competitive. Maintenance of salary purchasing power and reaching competitive salaries is more difficult.

For faculty, the most important compensation issue is maintaining salary purchasing power with a prescribed solution. This approach seeks to "stop the bleeding." Even though salaries are significantly behind regional averages, low salaries must first maintain their purchasing power. Salary adjustments for inflation must be addressed first. Additional monies can address salary competitiveness. Faculty seek to move salary positions to 100 percent of regional averages; however, these funds will certainly be spread across several legislative sessions. A goal would be reaching salary competitiveness within four legislative sessions or eight years. Faculty compensation recommendations include:

- **Maintain the State's contribution for employee health insurance premiums at 100 percent of actual premium and current employee co-payments and deductibles.**

- **Provide, in each year of the 2003-2005 biennium, a salary adjustment for inflation, using the Consumer Price Index—the common tool used to adjust costs for inflation.**

- **Provide flexible funding to move positions to 100 percent of regional average, with funds placed in a SBHE pool for distribution to campuses, based upon market disparity and/or performance within eight years.**

Although staff is equally concerned with maintaining purchasing power and salary competitiveness, staff recommendations do not prescribe specific monies for maintenance of purchasing power. Staff compensation recommendations include:

- **Maintain the state's contribution for employee health insurance premiums at 100 percent of actual premium and current employee co-payments and deductibles.**

- **Provide to each campus funding sufficient for salary increases averaging 5 percent to 7 percent for each year of the biennium.**

- **Provide maximum campus flexibility in the administration of salary increases with no requirement of across-the-board increases.**

(See Exhibit X for Cost Estimates)

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Since 1996, an average of 8.3 percent of benefited staff and 7.4 percent of benefited faculty leave their NDUS job every year.

Exhibit I

North Dakota University System
Employee Turnover Statistics
1996 through 2001

	Benefited Empl.	1996 Turnover #	1996 Turnover Ratio	1997 Turnover #	1997 Turnover Ratio	1998 Turnover #	1998 Turnover Ratio	1999 Turnover #	1999 Turnover Ratio	2000 Turnover #	2000 Turnover Ratio	2001 Turnover #	2001 Turnover Ratio
[redacted]													
Faculty	100	3	3.3%	0	0.0%	4	4.4%	3	3.3%	5	5.0%	4	4.0%
Staff	124	16	16.7%	3	3.1%	10	9.0%	6	5.4%	16	12.9%	8	6.5%
Total	224	19	10.1%	3	1.6%	14	7.0%	9	4.5%	21	9.4%	12	5.4%
[redacted]													
Faculty	73	9	12.9%	9	12.9%	6	8.3%	8	11.1%	5	6.8%	9	12.3%
Staff	111	13	14.3%	11	12.1%	11	11.7%	12	12.8%	15	13.5%	13	11.7%
Total	184	12	13.7%	20	12.4%	17	10.2%	20	12.0%	20	10.9%	22	12.0%
[redacted]													
Faculty	32	0	0.0%	2	6.3%	2	6.3%	0	0.0%	3	9.4%	3	9.4%
Staff	48	1	2.3%	2	4.7%	4	8.9%	4	8.9%	5	10.4%	3	6.3%
Total	80	1	1.3%	4	5.3%	6	7.8%	4	5.2%	8	10.0%	6	7.5%
[redacted]													
Faculty	45	2	4.1%	3	6.1%	6	13.0%	1	2.2%	5	11.1%	5	11.1%
Staff	95	8	9.3%	9	10.5%	22	24.7%	3	3.4%	10	10.5%	8	8.4%
Total	140	10	7.4%	12	8.9%	28	20.7%	4	3.0%	15	10.7%	13	9.3%
[redacted]													
Faculty	208	19	8.4%	30	13.3%	28	12.8%	17	7.8%	20	9.6%	20	9.6%
Staff	221	13	6.0%	13	6.0%	8	3.7%	8	3.7%	9	4.1%	11	5.0%
Total	429	32	7.2%	43	9.7%	36	8.3%	25	5.8%	29	6.8%	31	7.2%
[redacted]													
Faculty	142	11	7.3%	8	5.3%	12	8.1%	5	3.4%	14	9.9%	9	6.3%
Staff	209	14	6.9%	9	4.5%	19	9.0%	22	10.4%	17	8.1%	16	7.7%
Total	351	25	7.1%	17	4.8%	31	8.6%	27	7.5%	31	8.8%	25	7.1%
[redacted]													
Faculty	821	61	7.3%	47	5.6%	39	4.8%	61	7.6%	45	5.5%	69	8.4%
Staff	1,250	129	11.5%	98	8.8%	125	10.6%	98	8.3%	114	9.1%	109	8.7%
Total	2,071	190	9.7%	145	7.4%	164	8.2%	159	8.0%	159	7.7%	178	8.6%
[redacted]													
Faculty	727	79	11.0%	81	11.3%	15	2.3%	72	10.8%	NA	NA	79	10.9%
Staff	1,750	181	10.2%	219	12.4%	42	2.6%	205	12.5%	NA	NA	131	7.5%
Total	2,477	260	10.5%	300	12.1%	57	2.5%	277	12.0%	NA	NA	210	8.5%
[redacted]													
Faculty	61	7	12.5%	3	5.4%	2	3.3%	8	13.3%	7	11.5%	8	13.1%
Staff	98	3	3.4%	4	4.5%	4	4.2%	6	6.3%	2	2.0%	6	6.1%
Total	159	10	6.9%	7	4.8%	6	3.8%	14	9.0%	9	5.7%	14	8.8%
[redacted]													
Faculty	34	Included w/UND		Included w/UND		Included w/UND		3	7.9%	2	5.9%	1	2.9%
Staff	40	Included w/UND		Included w/UND		Included w/UND		1	3.7%	2	5.0%	4	10.0%
Total	74							4	6.2%	4	5.4%	5	6.8%
[redacted]													
Faculty	2,243	191	8.6%	183	8.2%	114	7.0%	178	6.7%	106	4.7%	207	9.2%
Staff	3,946	378	10.2%	368	9.9%	245	9.4%	365	7.5%	190	4.8%	309	7.8%
GRAND TOTAL	6,189	569	9.6%	551	9.3%	359	8.6%	543	7.3%	296	4.8%	516	8.3%

* Includes MSU-Bottineau Campus

** Includes UND-Williston for 1996-1998

Source: North Dakota University System payroll records

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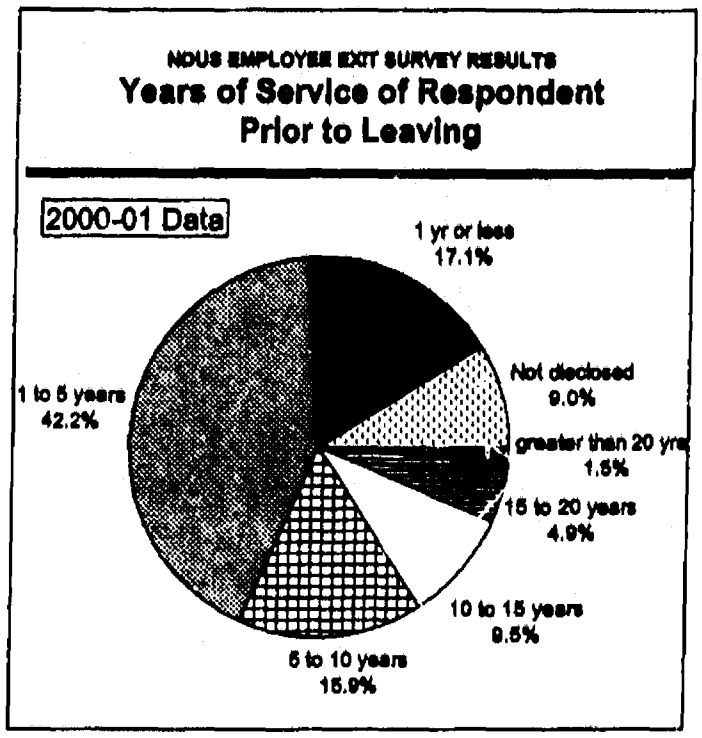
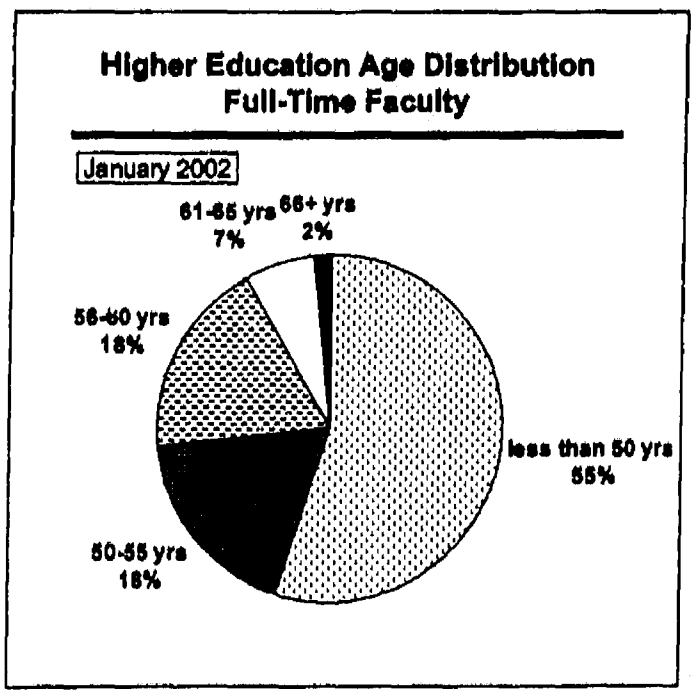
Of faculty and staff leaving the NDUS, 59.3 percent leave within five years of employment.

Exhibit II



Source: North Dakota University System
Exit Interviews

About 45 percent of NDUS faculty members are over 50 years of age, and 27 percent are older than 56 years of age. The high percentage of younger faculty and staff leaving their institutions suggests fewer and fewer faculty and staff of any kind will be available to follow veteran employees into seniority.



Source: North Dakota University System
payroll records

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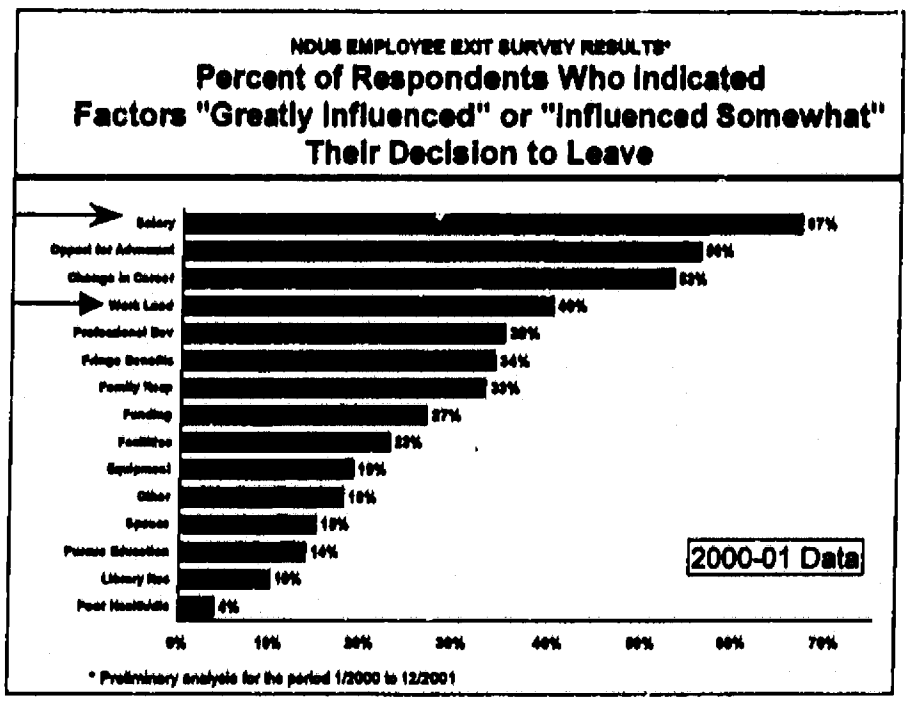
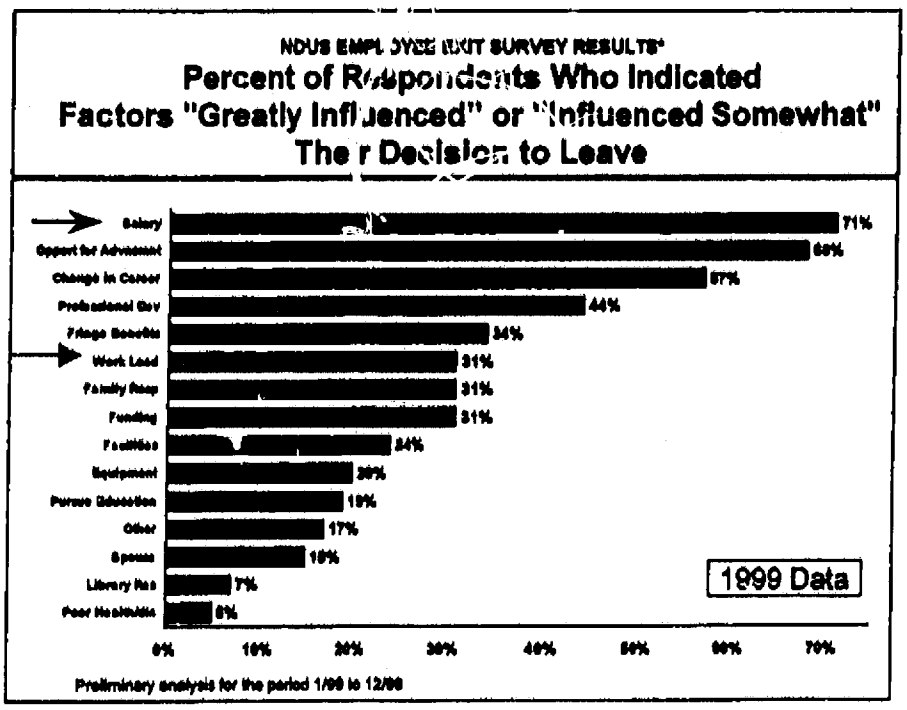
Exhibit III

Faculty and staff continue to identify low salary as the major influence in leaving the NDUS.



Workload has moved from sixth to fourth place as a major influence for leaving employment. Faculty and staff recognize workloads are increasing while income has not kept pace with the cost of living in North Dakota.



Source: North Dakota University System Exit Interviews

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Contrary to conventional thinking, the cost of living in North Dakota is comparable to average costs across the United States. North Dakota's standard of living, however, is below the average U.S. standard of living.

Exhibit IV

Standard of Living

City	Cost of Living Factor[1]	PCPI Factor[2]	Standard of Living Index[3]
North Dakota			
Bismarck	99.6	87.8	88.2
Fargo	97.1	92.2	94.9
Grand Forks	97.7	84.3	86.2
Minot	94.3	n/a	n/a
Minnesota			
Minneapolis	101.7	123.4	121.3
Rochester	99.7	113.5	113.9
St. Cloud	98.9	82.9	83.8
St. Paul	103.2	123.4	119.5
South Dakota			
Rapid City	96.3	87.7	91.1
Sioux Falls	94.0	107.1	113.9
Montana			
Billings	98.8	89.8	90.9
Great Falls	97.3	87.2	89.6
Helena	89.5	n/a	n/a
Missoula	100.1	85.4	85.3
Wisconsin			
Madison	104.7	111.1	106.1
Milwaukee	104.5	112.4	107.6

[1] Cost of Living Factor
Indicates how the city compares to the nation as a whole. All cities are combined to develop the national average, which is represented by the number 100.0. A factor higher than 100 indicates the city's cost of living is higher than average, and vice versa.

This figure was obtained from Maze Recruiters & Associates, an employment recruiting firm in Mentor, Ohio. For a full description of the methodology used to compute the cost of living factor and a full list of cities, see the company's web site at: www.mazerecruiters.com/job.htm

[2] PCPI (Per Capita Personal Income) Factor
Also indicates how the city compares to the nation as a whole. The national PCPI figure is represented by the number 100.0. A factor higher than 100 indicates the city's PCPI is higher than average, and vice versa. The reference year is 1998.

PCPI is used in lieu of wages because the data is available for cities, while wage data is only available on the county level.

Per capita personal income is computed by the Bureau of Economic Analysis in the United States Commerce Department. The Bureau's web site may be found at: www.bea.doc.gov

[3] Standard of Living Index
Compares cost of living to per capita personal income to derive a city's relative standard of living.

- An index number of 100.0 indicates a city's PCPI matches up perfectly with its cost of living.
- An index number less than 100.0 indicates a city's PCPI is relatively low compared to its cost of living. Presumably, standard of living is relatively lower in these cities.
- An index number greater than 100.0 indicates a city's PCPI is relatively high compared to its cost of living. Presumably, standard of living is relatively higher in these cities.

Source: *North Dakota's Economic RoadMap 2001*, published by Job Service North Dakota

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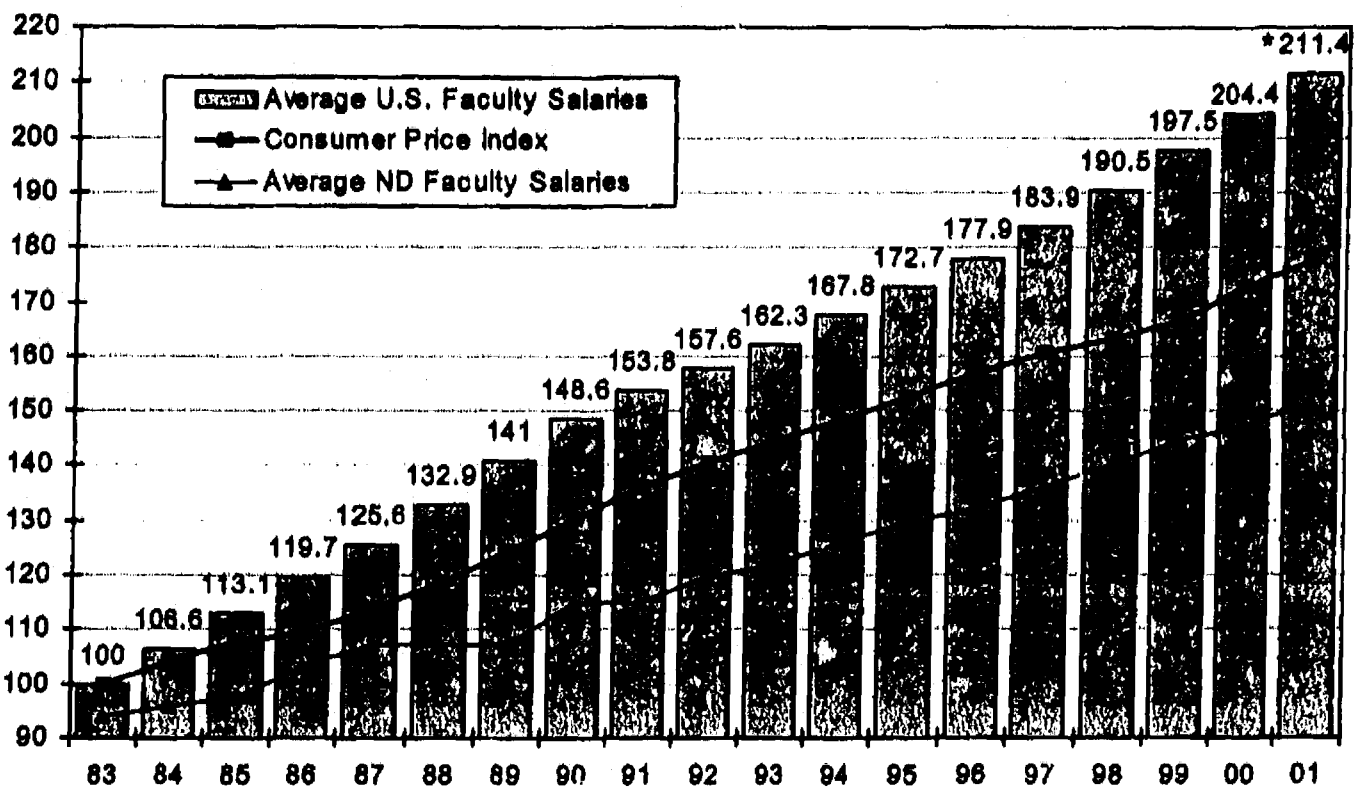
Salary trends in the NDUS have not kept up with market increases or cost of living adjustments. Related data from the U.S. Department of Labor statistics show average faculty salaries across the nation surpassing cost of living increases.

Exhibit V

Faculty Salary Trends and the Cost of Living



* Projected Amount
Consumer Price Index: July 1983 = 100
Sources: American Association of University Professors; U.S. Department of Labor

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Depending on the institution, average salary of technical/ paraprofessional employees is as much as 14.8 percent below market; office support employees range 2.4 percent to 20.8 percent below market; craft and trades employees range 10.2 percent to 28.1 percent below market; and service employees range 3.2 percent to 13.9 percent below market. Professional staff salaries are 3.7 percent to 20.9 percent below market and administrative staff salaries are 10.7 percent to 31.9 percent below market.

Exhibit VI

Average Broadband Staff Salaries Compared to North Dakota Job Market

Band #	Job Family	Average Salary	Market Salary	% Variance
		Doctoral		
1000	Administrative/Managerial	$59,439	$65,816	10.7%
3000	Professional	35,591	36,915	3.7%
4000	Technical & Paraprofessional	24,595	25,190	2.4%
5000	Office Support	21,404	21,915	2.4%
6000	Crafts/Trades	28,697	32,286	12.5%
7000	Services	18,527	19,126	3.2%
	Total	$31,376	$33,541	6.9%
		Comprehensive		
1000	Administrative/Managerial	$44,883	$59,215	31.9%
3000	Professional	33,217	40,160	20.9%
4000	Technical & Paraprofessional	24,138	24,022	0.0%
5000	Office Support	19,536	23,609	20.8%
6000	Crafts/Trades	24,512	30,147	23.0%
7000	Services	18,919	21,541	13.9%
	Total	$27,534	$33,116	20.3%
		4-year		
1000	Administrative/Managerial	$39,802	$46,651	17.2%
3000	Professional	29,520	35,654	20.8%
4000	Technical & Paraprofessional	22,179	24,406	10.0%
5000	Office Support	18,393	20,745	12.8%
6000	Crafts/Trades	22,227	28,470	28.1%
7000	Services	16,234	17,108	5.4%
	Total	$24,726	$28,839	16.6%
		2-year		
1000	Administrative/Managerial	$41,528	$50,650	22.0%
3000	Professional	32,432	37,651	16.1%
4000	Technical & Paraprofessional	21,328	24,490	14.8%
5000	Office Support	20,536	22,289	8.5%
6000	Crafts/Trades	24,029	26,491	10.2%
7000	Services	19,499	20,283	4.0%
	Total	$26,559	$30,309	14.1%

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Sources: ND Job Service; College and University Personnel Association

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North Dakota ranks 50th nationally in salaries among 9/10-month faculty at four-year public institutions.

Exhibit VII

Listing of States by Rank of Average Salary for 9/10 Month Faculty of Public Higher Education Institutions in 50 States and DC

Public Universities (all faculty)	
District of Columbia	n/a
California	$85,636
New Jersey	$76,264
Minnesota	$73,577
Connecticut	$72,951
Wisconsin	$69,211
Michigan	$68,357
Delaware	$67,485
Massachusetts	$67,123
North Carolina	$66,700
Pennsylvania	$66,162
New York	$65,973
Iowa	$65,001
Nevada	$64,471
Rhode Island	$63,882
Maryland	$63,448
Hawaii	$63,250
Georgia	$63,076
Virginia	$62,616
Colorado	$62,577
Arizona	$62,358
Missouri	$62,290
Florida	$60,808
Illinois	$60,625
Ohio	$59,392
Tennessee	$58,882
Texas	$58,338
Washington	$58,082
South Carolina	$58,003
Kentucky	$57,391
Nebraska	$57,362
Indiana	$56,862
New Hampshire	$56,659
Utah	$54,425
Oklahoma	$54,229
Alabama	$53,630
Vermont	$53,548
Alaska	$53,525
Kansas	$53,397
Maine	$53,165
Oregon	$53,007
West Virginia	$52,958
Arkansas	$52,733
New Mexico	$52,504
Idaho	$51,998
Louisiana	$51,840
Montana	$49,599
Mississippi	$49,513
Wyoming	$48,243
South Dakota	$42,719
→ North Dakota	$42,630

Public 4-yr institutions (all faculty)	
Wyoming	n/a
New Jersey	$64,702
California	$64,219
Connecticut	$59,113
Nevada	$58,549
New York	$58,060
Pennsylvania	$56,836
Massachusetts	$55,214
Virginia	$54,489
Michigan	$53,846
Georgia	$53,344
District of Columbia	$52,805
Ohio	$52,392
Florida	$52,084
Maryland	$51,727
Alaska	$51,689
Iowa	$51,530
Rhode Island	$51,431
Minnesota	$51,360
Wisconsin	$51,071
Illinois	$50,700
Delaware	$50,570
Missouri	$50,395
North Carolina	$50,322
Arizona	$50,071
Hawaii	$49,444
New Hampshire	$49,188
Colorado	$48,783
Indiana	$47,792
Washington	$47,205
Maine	$46,692
Kentucky	$46,558
Tennessee	$46,556
Nebraska	$46,505
Alabama	$46,411
Oregon	$46,201
Texas	$46,133
Idaho	$45,625
Mississippi	$44,830
South Carolina	$44,366
Kansas	$43,653
Arkansas	$43,618
Utah	$43,215
Oklahoma	$43,078
Louisiana	$42,931
Montana	$42,666
New Mexico	$42,256
West Virginia	$42,183
South Dakota	$40,704
Vermont	$40,246
→ North Dakota	$37,965

Public 2-yr colleges	
District of Columl	n/a
Vermont	n/a
Alaska	$60,021
California	$58,849
Michigan	$58,510
New Jersey	$57,458
New York	$54,233
Illinois	$53,455
Connecticut	$53,217
Wisconsin	$51,871
Arizona	$51,576
Pennsylvania	$51,526
Maryland	$48,510
Hawaii	$47,317
Minnesota	$46,683
Nevada	$45,947
Ohio	$45,647
Delaware	$45,627
Oregon	$45,347
Rhode Island	$44,984
Florida	$43,396
Missouri	$42,663
Virginia	$42,389
Massachusetts	$42,328
Alabama	$42,277
Georgia	$41,610
Texas	$41,321
Washington	$41,117
Maine	$39,923
Kentucky	$39,277
Mississippi	$39,111
Idaho	$38,898
Colorado	$38,583
Iowa	$38,334
Utah	$38,144
Kansas	$38,010
Oklahoma	$37,556
West Virginia	$37,307
New Hampshire	$36,564
Tennessee	$36,502
Indiana	$36,309
Nebraska	$35,422
Louisiana	$35,248
South Carolina	$35,014
New Mexico	$34,600
→ North Dakota	$34,371
Arkansas	$33,823
Wyoming	$33,820
Montana	$33,076
South Dakota	$32,918
North Carolina	$32,583

Information taken from Chronicle of Higher Education, 2001 Almanac

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In 2000-01, faculty salary levels range 20.1 percent to 33.1 percent below regional markets depending on the type of institution.

Exhibit VIII

Market Comparisons

Amount and Percent North Dakota Average Faculty Salaries Lag Behind the National and Regional Markets 1982-83 through 2000-2001 (in Thousands of Dollars)

YEAR	DOCTORAL				COMPREHENSIVE				BACCALAUREATE				TWO-YEAR			
	U.S.		Reg.		U.S.		Reg.		U.S.		Reg.		U.S.		Reg.	
1982-83	($3.4)	-12.7%	($2.1)	-7.8%	($2.1)	-8.5%	$0.0	0.0%	$0.2	0.8%	$1.1	4.5%	($1.0)	-4.3%	$1.0	4.3%
1983-84	($4.6)	-17.0%	($2.7)	-10.0%	($3.6)	-14.2%	($2.1)	-8.5%	($0.7)	-2.9%	($0.9)	-3.7%	($1.9)	-8.1%	($0.2)	-0.9%
1984-85	($6.5)	-23.7%	($4.7)	-17.2%	($5.1)	-20.6%	($3.3)	-13.3%	($2.3)	-9.4%	($1.9)	-7.8%	($2.2)	-9.1%	$0.5	2.1%
1985-86	($5.6)	-19.1%	($3.2)	-10.5%	($5.2)	-19.3%	($2.9)	-10.8%	($1.6)	-6.0%	($0.6)	-2.2%	($2.0)	-7.5%	$1.5	5.6%
1986-87	($7.2)	-22.9%	($3.7)	-11.7%	($5.3)	-18.5%	($2.1)	-7.3%	($1.9)	-6.6%	($1.6)	-5.6%	($2.9)	-10.5%	$0.5	1.8%
1987-88	($9.1)	-26.5%	($5.1)	-16.0%	($6.6)	-23.0%	($3.6)	-12.5%	($3.1)	-11.1%	($1.9)	-6.8%	($4.3)	-16.0%	($0.9)	-3.4%
1988-89	($10.9)	-34.0%	($7.3)	-22.7%	($9.1)	-31.4%	($5.9)	-20.3%	($5.5)	-20.1%	($3.9)	-14.2%	($6.5)	-24.1%	($3.4)	-12.6%
1989-90	($10.6)	-30.4%	($7.9)	-22.6%	($8.8)	-28.1%	($5.1)	-16.3%	($4.3)	-14.3%	($4.2)	-14.0%	($5.9)	-20.6%	($2.9)	-10.1%
1990-91	($10.7)	-29.0%	($8.6)	-23.3%	($8.7)	-26.0%	($5.3)	-15.8%	($5.6)	-16.2%	($5.7)	-16.5%	($6.6)	-22.1%	($3.2)	-10.7%
1991-92	($10.5)	-27.3%	($8.7)	-22.7%	($8.6)	-24.6%	($4.1)	-11.7%	($4.5)	-13.5%	($4.2)	-12.6%	($7.4)	-24.0%	($2.6)	-9.1%
1992-93	($11.3)	-29.2%	($10.2)	-26.4%	($8.6)	-24.4%	($5.9)	-16.3%	($5.9)	-17.9%	($6.0)	-16.2%	($7.1)	-22.6%	($4.1)	-13.1%
1993-94	($12.0)	-30.4%	($10.5)	-26.6%	($8.2)	-22.3%	($5.1)	-13.9%	($6.7)	-20.1%	($6.3)	-18.9%	($8.1)	-25.6%	($3.4)	-10.8%
1994-95	($13.2)	-32.7%	($11.7)	-29.0%	($8.6)	-22.8%	($6.0)	-15.9%	($7.5)	-22.1%	($6.8)	-20.1%	($8.8)	-27.2%	($4.0)	-12.3%
1995-96	($17.2)	-42.4%	($13.5)	-33.3%	($9.7)	-25.5%	($6.2)	-16.3%	($7.8)	-22.5%	($7.0)	20.2%	($9.3)	-26.8%	($5.0)	-15.5%
1996-97	($17.4)	-43.8%	($16.4)	-41.3%	($7.3)	-17.5%	($6.1)	-14.7%	($8.6)	-24.4%	($6.9)	-19.6%	($9.0)	-27.2%	($5.5)	-16.6%
1997-98	($15.4)	-35.2%	($15.7)	-35.9%	($11.1)	-26.6%	($7.9)	-20.4%	($9.1)	-25.2%	($7.0)	-19.4%	($7.9)	-22.8%	($4.7)	-13.5%
1998-99	($15.4)	-33.0%	($15.1)	-32.4%	($11.9)	-30.2%	($8.5)	-21.6%	($9.6)	-26.1%	($7.5)	-20.4%	($9.5)	-27.2%	($6.2)	-17.8%
1999-2000	($17.0)	-36.2%	($17.5)	-37.2%	($13.6)	-34.5%	($10.4)	-26.4%	($10.6)	-28.5%	($6.6)	-17.7%	($9.9)	-28.0%	($6.2)	-17.6%
2000-2001	($15.7)	-32.0%	($16.2)	-33.1%	($11.7)	-27.3%	($8.6)	-20.1%	($10.9)	-28.7%	($8.5)	-22.4%	($9.9)	-27.2%	($9.4)	-25.8%
20001-2002 est.	($15.8)	-31.4%	($16.4)	-32.4%	($11.8)	-26.7%	($8.6)	-19.5%	($11.0)	-28.1%	($8.5)	-21.8%	($10.0)	-26.6%	($9.5)	-25.2%

C:\Ms I\700\701\regional faculty salaries.xls

Source: Information from American Association of University Professionals published in *Academe*, March 2002.
States included: Colorado, Iowa, Kansas, Minnesota, Missouri, Montana, North Dakota, Nebraska, Oklahoma, South Dakota, Wisconsin, Wyoming.

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The state of North Dakota offers a comprehensive benefit package to NDUS employees. According to the Central States Compensation Association (CSCA), North Dakota's benefit package is on par with those of other states.

Exhibit IX

Faculty Total Compensation Analysis
January 2002

State	Salary Rank	Average Faculty Salary (9 months)	Hourly Faculty Salary (9 months)	Holidays	Health Insurance	Life Insurance	Dental Ins.	Dental Ins.	Retirement	Social Security	Medicare	Total Benefits	% of Salary	Total Comp	Total Comp Rank
Minnesota	1	$73,577	$47.16	$1.69	$2.49	$0.00	$0.20	$0.27	$1.69	$2.92	$0.71	$9.97	21.1%	$57.14	3
Wisconsin	2	69,211	44.37	1.59	3.87	0.18	0.00	0.00	5.63	2.75	0.67	14.69	33.1%	89.06	2
Michigan	3	68,367	43.82	1.57	4.00	0.15	0.41	0.55	6.57	2.72	0.66	16.22	37.0%	80.04	1
Iowa	4	65,001	41.67	1.50	2.51	0.01	0.08	0.11	3.33	2.58	0.63	10.66	25.6%	52.33	4
Nevada	5	64,471	41.33	1.48	1.91	0.09	0.00	0.00	4.13	0.00	0.62	8.23	19.9%	49.56	6
Colorado	6	62,577	40.11	1.44	1.29	0.01	0.08	0.11	4.61	0.00	0.60	8.06	20.1%	48.18	8
Arizona	7	62,358	39.97	1.43	2.63	0.01	0.19	0.26	1.20	2.48	0.60	8.60	21.5%	48.58	7
Missouri	8	62,290	39.93	1.43	1.16	0.03	0.00	0.00	4.27	2.40	0.60	9.97	25.0%	49.90	5
Illinois	9	60,625	38.86	1.40	2.27	0.11	0.16	0.20	2.33	0.00	0.58	6.89	17.7%	45.75	13
Texas	10	58,338	37.40	1.34	2.79	0.00	0.00	0.00	2.24	2.32	0.56	9.25	24.7%	46.65	10
Nebraska	11	57,362	36.77	1.32	3.04	0.01	0.00	0.00	2.06	2.28	0.56	9.26	25.2%	46.03	11
Utah	12	54,425	34.89	1.25	3.79	0.02	0.33	0.44	3.84	2.16	0.52	12.02	34.5%	46.91	9
Oklahoma	13	54,229	34.76	1.25	1.41	0.03	0.10	0.13	3.89	2.16	0.52	9.39	27.0%	44.16	14
Kansas	14	53,397	34.23	1.23	2.75	0.04	0.08	0.11	1.03	2.12	0.51	7.76	22.7%	42.01	17
Arkansas	15	52,733	33.80	1.21	2.12	0.00	0.00	0.00	3.38	2.10	0.51	9.32	27.6%	43.12	15
New Mexico	16	52,504	33.66	1.21	2.47	0.05	0.23	0.31	5.55	2.09	0.50	12.18	36.2%	45.83	12
Idaho	17	51,998	33.33	1.20	1.81	0.03	0.06	0.08	3.83	2.07	0.50	9.52	28.6%	42.85	16
Louisiana	18	51,840	33.23	1.19	1.49	0.09	0.00	0.00	3.99	0.00	0.50	7.26	21.9%	40.49	18
Montana	19	49,599	31.79	1.14	1.81	0.02	0.11	0.15	2.16	1.97	0.48	7.73	24.3%	39.53	19
Wyoming	20	48,243	30.93	1.11	1.27	0.06	0.00	0.00	3.46	1.92	0.46	8.28	26.8%	39.21	20
South Dakota	21	42,719	27.38	0.98	1.21	0.03	0.08	0.11	1.37	1.70	0.41	5.81	21.2%	33.19	22
→ North Dakota	(22)	42,630	27.33	0.98	2.85	0.00	0.00	0.00	1.84	1.69	0.41	7.38	27.0%	34.71	(21) ←
Average		$57,204	$36.67	$1.32	$2.31	$0.04	$0.10	$0.13	$3.29	$1.84	$0.55	$9.48	25.9%	$46.18	

Data Sources:
Information taken from Chronicle of Higher Education, 2001 Almanac
Benefits information from Central States Compensation Association

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Exhibit X

North Dakota University System
Summary of Cost of 3% Inflation Plus Estimated Cost of Each Additional 1%

	Estimated Cost of 3% Per Year Salary Increases	Estimated Cost of Each Additional 1% Per Year
UND/NDSU	$ 20.1	$ 5.6
MISU	2.0	0.6
4-Year Campuses	2.4	0.6
2-Year Campuses	4.0	1.2
Subtotal - Campuses	28.5	8.0
NDUS Office	0.1	
UND Med School	3.3	0.9
Forest Service	0.1	
UGPTI	0.2	0.1
Northern Crops Institute	0.1	
Extension Service	1.4	0.3
Research	2.6	0.7
Subtotal - Others	7.8	2.0
Total - NDUS	$ 36.3	$ 10.0
Funding Source, Based on 2001-02 Annual Budgets:		
General Fund	$ 15.2	$ 4.2
Tuition	7.4	2.0
Other Funds	13.7	3.8
Total Funding Sources	$ 36.3	$ 10.0

Note: The estimated increases on this schedule were computed, utilizing the 2001-02 annual budgets as the base.

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Exhibit #13
first day

TO: Senator Ray Holmberg, Chair, Senate Appropriations
Representative Ken Svedjan, Chair, House Appropriations

FROM: Henry Riegler, Chair, Council of College Faculties

DATE: February 4, 2003

RE: North Dakota University System Council of College Faculties Position Statement on the NDUS Budget to the 58th Legislative Assembly.

Attached you will find a position statement prepared by the North Dakota University System Council of College Faculties on the NDUS Budget for the 58th Legislative Assembly. The Council of College Faculties believes this statement will help you when you look at the NDUS budget and state employee compensation. If you have any questions please give me a call at 224-5549 or e-mail me at Henry.Riegler@bsc.nodak.edu and I'd be happy to answer your questions.

Attachment
xc: House and Senate Appropriations committee members
Chris Runge, Executive Director, NDPEA

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Council of College Faculties
Position Statement on NDUS Budget
To the 58th Legislative Assembly

The purpose of the Council of College Faculties is to foster quality in scholarly activities, teaching and learning in the North Dakota University System, and to consider the conditions of employment affecting NDUS faculty. The Council assists the State Board of Higher Education and the North Dakota University System Office by communicating to the Board faculty perspectives on pending system policy matters for the purpose of improving the system and serving the best interests of the people of North Dakota.

In 1998 the Interim Committee on Higher Education challenged 61 state leaders to create a new, shared vision for higher education in North Dakota. The result of that effort was the 2000 Report of the Roundtable, which envisioned the NDUS as the engine of state economic growth for the 21st century. Like every engine, the NDUS needs adequate fuel to accomplish its goals.

The State Board of Higher Education recognized that fact when, in addition to the "flat" budget requested by Governor Hoeven, it prepared a "needs-based budget" calling for additional appropriations to meet the goals of the Roundtable. The needs-based budget derived directly from the Board's newly developed long-term finance plan, which is a comprehensive funding methodology designed to meet the State's expectations in the 21st century. The Governor's budget recommendation follows the Board's flat budget and does not cover items contained in the needs-based budget.

Policy Positions and Recommendations

Consistent with the recommendations of the 2002 Report of the State Board of Higher Education's Committee on Employee Compensation, the Council of College Faculties' policy positions on the NDUS budget as it relates to faculty compensation are:

(1) <u>The first priority is for the Assembly to appropriate funding adequate to make cost of living adjustments (COLAs) in faculty salaries in each year of the biennium</u>. Without such adjustments NDUS institutions fall further behind their peers, making recruitment and retention of quality faculty difficult and causing the buying power of North Dakota wages to fall, effectively amounting to a wage cut. Thus, the Assembly should allocate the general fund portion of the cost to continue for the 11 campuses and medical school so that inflation and FY2003 salary increases are covered.

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9/30/03
Date

(2) After COLAs are funded, the Assembly should assure that the System has funding adequate to increase faculty salaries so they are regionally and nationally competitive. One of the core beliefs of the State Board of Higher Education is that faculty are the foundation of the North Dakota University System (Policy 100.5). For the NDUS to be effective, that foundation must be stable and have continuity. Yet, the data are clear that nearly 60% of faculty leave within five years of service, and they cite salary as the number one reason for leaving. In addition, almost 50% of NDUS faculty are nearing retirement age, thus increasing the System's need to recruit new faculty. Recruitment and retention are substantial challenges, however, since NDUS faculty salaries lag 20-33% behind peer institutions, and the real buying power of North Dakota wages is below the national average. Thus, the Assembly should allocate funds sufficient to move faculty positions to 100% of the regional average over the next eight years.

(3) The Assembly should also maintain the State's contribution for employee health insurance premiums at 100%of the actual premium and current employee co-payments and deductibles. The State's health benefits package is relatively competitive, and helps offset somewhat the disparity in North Dakota salaries. As such, maintaining the current health package is an important investment in keeping existing faculty and recruiting new faculty. Thus, the Assembly should allocate the general fund portion of the cost to continue for the 11 campuses and medical school so that increases in employee health insurance are covered.

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9/30/03
Date

NORTH DAKOTA
UNIVERSITY SYSTEM

The Vital Link to a Brighter Future

To: Sheila Peterson, Director, Fiscal Management Division
North Dakota Office of Management and Budget

FROM: Laura Glatt, Vice Chancellor for Administrative Affairs

DATE: December 11, 2002

RE: Reporting Requirement 54-14-03.1

According to NDCC 54-14-03.1, OMB is required to report "...irregularities in the fiscal practices of the state and its departments, agencies and institutions...". Irregularities are defined in this section as: "...includes the use of state funds to provide bonuses, cash incentive awards, and temporary salary adjustments for state employees."

Attached are the amounts paid by NDUS campuses during FY 2002 for bonuses, cash incentive awards, and temporary salary adjustments. We have defined bonuses, cash incentives, and temporary salary adjustments for clarity and consistency in reporting, as follows:

Bonus - A one-time payment to an individual when documented performance has been exceptionally meritorious in the preceding year. Bonus payments do not become part of an individual's salary base and are awarded within established campus guidelines.

Cash Incentive Awards - Any cash award provided to an employee including all service, retirement, and recognition rewards as well as any award provided under the state employee suggestion incentive award program. Incentive awards do not become part of an individual's salary base.

Temporary Salary Adjustments - A salary adjustment that is provided to an employee who, for a specified and limited period of time, may take on additional duties or serve in an interim position or role such as "Acting Director, Interim Dean," etc., until the position can be filled. Temporary adjustments do not include overtime, overload, shift differentials, etc. Temporary salary adjustments do not become a part of an individual's salary base.

Please feel free to contact me at 328-4116 if you have any questions, or by e-mail at laura.glatt@ndus.nodak.edu.

Enc.

(g:georgia/800/801/reporting irregularities FY02 121102)

State Capitol - 600 E. Boulevard Ave., Dept. 215, Bismarck, ND 58505-0230
Phone: 701.328.2960 • Fax: 701.328.2961
E-mail: NDUS.office@ndus.nodak.edu • Web: www.ndus.nodak.edu

The North Dakota University System is governed by the State Board of Higher Education and includes:
Bismarck State College • Dickinson State University • Lake Region State College • Mayville State University • Minot State University • Minot State University-Bottineau Campus • North Dakota State College of Science • North Dakota State University • University of North Dakota • Valley City State University • Williston State College.

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LaCosta Rickford 9/30/03
Operator's Signature Date

NORTH DAKOTA UNIVERSITY SYSTEM

OMB Salary Irregularities Report FY-2002
(Appropriated Funds Only)

12/11/2002 8:16 AM

Name	Title	Department Name	Amount Paid in FY02	(* Bonus, Incentive, Temporary) Type
BSC				
Eisenbraun, Mary	Business Office Manager	Business & Financial Oper	$ 1,800	Temporary
Fried, Sandy	Testing & Assessment Coord	Student Success	$ 2,000	Temporary
Jacobs, Jeff	Director of Financial Aid	Financial Aid	$ 1,800	Temporary
Morrison, Linda	Payroll Accountant	Business & Financial Oper	$ 1,800	Temporary
Njos, Tamara	Director of Bus & Finance	Business & Financial Oper	$ 1,800	Temporary
Sayler, Sue	Administrative Assistant	Dean of Student Services	$ 600	Temporary
LRSC				
Dubois, Kenneth	Maintenance Supervisor	Physical Plant	$ 3,000	Temporary
WSC				
Dokken, Nicole	Account/Budget Specialist	Business Office	$ 1,000	Temporary
Haverlock, Lynn	Financial Aid Associate	Business Office	$ 300	Temporary
Heller, Andrea	Bookstore Manager	Bookstore	$ 250	Temporary
Slagle, Barbara	Administrative Assistant	Business Office	$ 500	Temporary
UND				
Antonenko, David	Interim Director	Residency Program	$ 43,780	Temporary
Batzer, Tammy	Dept Secretary	Nursing	$ 502	Temporary
Beckman, Patricia	Admin Asst	CILT	$ 750	Temporary
Burbank, John	Director, IVN	NDUS IVN	$ 300	Incentive
Carlson, Edward	Interim Chair	Anatomy	$ 11,500	Temporary
Fox, Carl	Interim Dean	Graduate School	$ 7,500	Temporary
Goodwin, Janice	Acting Chair	Nursing	$ 5,459	Temporary
LaDuke, John	Acting Chair	Art	$ 12,168	Temporary
Lambeth, David	Interim Chair	Biochem & Molecular Biology	$ 30,900	Temporary
Lowe, D. Scott	Acting Director	International Programs	$ 1,371	Temporary
Owens, Thomas	Acting Dean	School of Engrg & Mines	$ 8,975	Temporary
Quirk, Corey	Instr Multimedia Coord	CILT	$ 2,900	Temporary
Rostad, Jerry	Interim Director, IVN	NDUS IVN	$ 1,162	Temporary
Schauer, Roger	Acting Chair	Family Medicine	$ 10,000	Temporary
Smidt, Shannon	Admin Asst	Business & Public Admin	$ 1,600	Temporary
Swinney, Lori	Instr Design Coord	CILT	$ 2,900	Temporary
The following adjustments were made in FY01 and were inadvertently not included in last year's report:				
*Antonenko, David	Professor	School of Medicine	$ 500	Incentive
*Borg, Kurt	Assistant Professor	School of Medicine	$ 500	Incentive
*Elston, Dorothy	Admin Secretry	School of Medicine	$ 500	Incentive
*Flower, Ann	Asst Professor	School of Medicine	$ 500	Incentive
*Jensen, Mark	Professor	School of Medicine	$ 500	Incentive
*Johnson, George	Professor	School of Medicine	$ 500	Incentive
*Lambeth, David	Professor	School of Medicine	$ 500	Incentive
*Mann, William	Assoc Professor	School of Medicine	$ 500	Incentive
*Neumann, Nicholas	Professor	School of Medicine	$ 500	Incentive
*Newman, William	Professor	School of Medicine	$ 500	Incentive
*Olson, Linda	Asst Professor	School of Medicine	$ 500	Incentive
*Ramsett, Maureen	Education Prof Coord	School of Medicine	$ 500	Incentive
*Rult, Kenneth	Assoc Professor	School of Medicine	$ 500	Incentive
*Samuelson, Albert	Part-time faculty	School of Medicine	$ 500	Incentive
*Schauer, Roger	Assoc Professor	School of Medicine	$ 500	Incentive

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LaCosta Rickford 9/30/03
Operator's Signature Date

NORTH DAKOTA UNIVERSITY SYSTEM

OMB Salary Irregularities Report FY-2002
(Appropriated Funds Only)

Name	Title	Department Name	Amount Paid in FY02	(* Bonus, Incentive, Temporary) Type
*Theige, David	Assoc Professor	School of Medicine	$ 500	Incentive
*Tweton, Phyllis	Admin Asst	School of Medicine	$ 500	Incentive
*Vari, Richard	Assoc Professor	School of Medicine	$ 500	Incentive
NDSU				
Ambrosio, Beth	Admin. Sec	Continuing Ed	$ 737	Temporary
Babler, Julie Jo	Art Director	Publications Services	$ 500	Incentive
Balaz, Stefan	Associate Prof	Pharmaceutical Science	$ 1,080	Incentive
Bandyopadh, Shyamalik	Clerk	Continuing Ed	$ 713	Temporary
Boyer, Ray	Associate Director of Oper.	Physical Plant	$ 3,800	Temporary
Brandt, Janalee	Account Tech	Continuing Ed	$ 971	Temporary
Bromley, Kimble	Associate Prof	Art	$ 200	Incentive
Buckhoff, Thomas	Assistant Prof	Business Admin.	$ 2,500	Incentive
Carcoana, Radu	Research Spec.	Soil Science	$ 750	Temporary
Chapman, Scott	Clinical Asst. Prof	Pharmacy Practice	$ 1,080	Incentive
Cogdill, Bradley	Ext. Agent	Ext Cty Prog	$ 2,500	Temporary
Cooper, Bonnie	Interim Director	Grad School	$ 10,000	Temporary
Deckard, Edward	Professor	Plant Sciences	$ 500	Incentive
DeKeyser, Edward	Rangeland Spec.	ARS	$ 3,500	Temporary
Diamanti, William	Safety Officer	Physical Plant	$ 1,387	Temporary
Drinka, Richard	Coordinator, Facilities, Maint.	Physical Plant	$ 750	Incentive
Enerud, Janelle	Info. Project Spec.	Ag/Bio-Systems Engin.	$ 500	Incentive
Erickson, Colette	Asst Dir HR	HR	$ 750	Temporary
Erickson, Nancy	Admin. Sec	Athletics	$ 100	Incentive
Fisher, Shawn	Grad. Teaching Assistant		$ 100	Incentive
Fitzgerald, Margaret	Assistant Prof	Child Development	$ 200	Incentive
Gangelhoff, Amanda	Pizza Attendant	Dining Services	$ 1,950	Temporary
Gangelhoff, Linda	Admin Asst.	Athletics	$ 350	Incentive
Glogoza, Phillip Andrew	Assistant Prof	Entomology	$ 500	Incentive
Goeller, Bradley	Carpenter	Physical Plant	$ 250	Incentive
Grosz, LeRoy	Coordinator, Grounds Main.	Physical Plant	$ 3,846	Temporary
Gudmestad, Neil	Professor	Plant Pathology	$ 500	Incentive
Haney, Debra	Acct Tech	Bus Offc	$ 583	Temporary
Harrold, Robert	Assistant Dean	ARS/VPAA	$ 3,420	Temporary
Hendrickson, Karen	Rest Fund Acct Mgr	Rest Fund Acct	$ 833	Temporary
Hoyme, Tara	Payroll Spec	Payroll	$ 500	Temporary
Illich, Julie	Bus Office Mgr	Bus Office	$ 1,333	Temporary
Indergaard, Timothy	Ag Research Tech	Carrington R/E	$ 3,055	Temporary
Iverson, Diana	Account Tech	Plant Pathology	$ 500	Incentive
Johnson, Tricia	Payroll Intl Tax Flex Spec	Payroll	$ 500	Temporary
Jones, Joseph Michael	Assistant Prof	Mgmt, Mkt, & Finance	$ 300	Incentive
Kapaun, James	Service Center Assistant	ITS	$ 356	Temporary
Kianian, Shahryar	Assistant Prof	Plant Sciences	$ 500	Incentive
Kirby, Donald	Acting Chair	ARS	$ 7,500	Temporary
Klein, Glenda	Admin Asst.	Athletics	$ 100	Incentive
Klemetson, Sandra	Collections Officer	Bus Office	$ 333	Temporary
Knudson, Milan	Accountant	Accounting	$ 417	Temporary
Lalla, Abbas	Research Scientist	Plant Sciences	$ 3,000	Temporary
Larsen, Paula	Admin Asst.	English	$ 250	Incentive
Larson, Francis	Tech. Support Spec.	ITS	$ 4,433	Temporary
Larson, Lois	Athletic Equip. Tech.	Athletics	$ 100	Incentive
Lichtblau, Jobey	Interim Assistant Registrar	Admissions	$ 1,306	Temporary
Martin, Drew	Assistant Prof	Mgmt, Mkt, & Finance	$ 300	Incentive
McCaul, Kevin	Professor	Psychology	$ 3,850	Incentive
McClean, Phillip	Professor	Plant Sciences	$ 500	Incentive

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LaCosta Rickford 9/30/03
Operator's Signature Date

NORTH DAKOTA UNIVERSITY SYSTEM

12/11/2002 8:15 AM

OMB Salary Irregularities Report FY-2002
(Appropriated Funds Only)

Name	Title	Department Name	Amount Paid in FY02	(* Bonus, Incentive, Temporary) Type
McCord, Vincent	Food Service Supv.	Dining Services	$ 950	Temporary
McDougall, James	Maint. Supv	Physical Plant	$ 750	Incentive
McIntyre, Charles	Assistant Prof	Constr. Mgmt/Engineer	$ 2,500	Incentive
McNamara, Lisa	Marketing Coordinator	Continuing Ed	$ 953	Temporary
Meester, Charlotte	Admin. Sec	Dean Off Coll Sci/Math	$ 250	Incentive
Mehta, Sudhir	Professor	Mech. Engineering	$ 2,500	Incentive
Mehta, Sudhir	Professor	Mech. Engineering	$ 1,000	Incentive
Mooney, Timothy	Unix Tech. Support Spec	ITS	$ 3,413	Temporary
Murie, Karen	Admin Asst.	Continuing Ed	$ 895	Temporary
Nelson, Teresa Ann	Bindery Spec.	Ag. Communications	$ 250	Incentive
Olson, Jerry	Technical Coordinator	Continuing Ed	$ 990	Temporary
Panda, Sudhanshu Sekhar	Grad. Research Assistant		$ 250	Incentive
Pederson, Carole	Contract/Grant Admin	Rest Fund Acct	$ 417	Temporary
Pederson, Jeremy	Research Spec	Plant Sciences	$ 900	Temporary
Perrizo, William	Professor	Computer Science	$ 556	Incentive
Petermann, Shanna Rae	Microbiologist	Vet/Microbiological Sc.	$ 250	Incentive
Pietta, Lyn	Benefits/Recruitment Spec	HR	$ 250	Incentive
Pietta, Lynn	Benefits/Recruit Spec	HR	$ 750	Temporary
Ramaya, Krishnan	Assistant Prof	Mgmt, Mkt, & Finance	$ 300	Incentive
Rider, David	Associate Prof	Entomology	$ 500	Incentive
Schanzenbach, Michael	Acct Tech	Bus Office	$ 1,333	Temporary
Schmitz-Ellertson, Kari	Payroll Spec	Payroll	$ 500	Temporary
Schumacher, Barbara	Admin. Sec	Continuing Ed	$ 464	Temporary
Singh, Jagdish	Associate Prof	Pharmaceutical Science	$ 1,080	Incentive
Singh, Jagdish	Associate Prof	Pharmaceutical Science	$ 2,500	Incentive
Skedsvold, Susan	Payroll Spec	Payroll	$ 583	Temporary
Smith, Randall	Asst. Coordin., Grounds	Physical Plant	$ 4,254	Temporary
Spacek, Jill	HR Asst	HR	$ 583	Temporary
Spiering D'E, Kerri	Interim Director	Int'l Programs	$ 14,291	Temporary
Stambough, Stephen	Assistant Prof	Political Science	$ 200	Incentive
Stammen, Ronald	Associate Prof	School of Ed.	$ 200	Incentive
Steckler, Brittnee	HR Info Spec	HR	$ 583	Temporary
Steele, Dean	Associate Prof	Ag/Bio-Systems Engin.	$ 2,000	Incentive
Stiner, Karin	Payroll Mgr	Payroll	$ 833	Temporary
Stoetzer, Linda	Account Tech	Chem/Res Admin/C	$ 1,248	Temporary
Stroh, Nancy	Admin. Sec	Ag/Bio-Systems Engin.	$ 500	Incentive
Stuehm, Donald	Professor	Electrical/Comp. Engin.	$ 1,000	Incentive
Suttle, Nancy Lynn	Admin Officer	Dean Off Coll Sci/Math	$ 250	Incentive
Tanberg-Re, Lynne	Unit Clerk	Dining Services	$ 395	Temporary
Ternes, Kaye Elizabeth	Admin. Sec	Athletics	$ 250	Incentive
Trickle, Margaret Ann	Admin. Sec	Athletics	$ 100	Incentive
Tufte, Douglas	Ag Research Tech	ARS	$ 1,500	Temporary
Tweten, Margaret	Ext. Agent	Ext Cty Prog/F & N	$ 1,875	Temporary
Underwood, John	Help Desk Manager	ITS	$ 3,164	Temporary
Utter, Rodney	Research Spec.	Soil Science	$ 500	Incentive
Venette, Steven	Lecturer	Communications	$ 3,231	Temporary
Wawers, Gary	Controller	Bus Office	$ 1,333	Temporary
Wilhelm, Anissa	Assistant Prof	School of Ed.	$ 200	Incentive
Youngs, George	Professor	Sociology	$ 200	Incentive
NDSCS				
Benson, Peter	Faculty	Humanities	$ 200	Incentive
Bontjes, Darlene	Dining Services Worker	Dining Services	$ 200	Incentive
Borchert, Keath	Director	Admissions	$ 100	Incentive

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Operator's Signature

9/30/03
Date

NORTH DAKOTA UNIVERSITY SYSTEM 12/11/2002 8:15 AM
OMB Salary Irregularities Report FY-2002
(Appropriated Funds Only)

Name	Title	Department Name	Amount Paid In FY02	(* Bonus, Incentive, Temporary) Type
Johnson, Lisa	Director, Student Records	Student Records	$ 493	Temporary
Gehring, Dale	Director, Financial Aid	Financial Aid	$ 705	Temporary
Berning, Sharon	Controller	Business Office	$ 625	Temporary
Watson, Jonelle	Acctng & Grant Analyst	Business Office	$ 333	Temporary
Wagner, Robin	Acctng & Budget Analyst	Business Office	$ 200	Temporary
Hynson, Teresa	Admin Asst	Business Office	$ 100	Temporary
Malachowski, LaDona	Business Accts Specialist	Business Office	$ 100	Temporary
VCSU				
Pritchert, Marcia	Assistant Director	Financial Aid	$ 1,575	Temporary

***Definitions:**

Bonus - A one-time payment to an individual when documented performance has been exceptionally meritorious in the preceding year. Bonus payments do not become part of an individual's salary base and are awarded within established campus guidelines.

Cash Incentive Awards - Any cash award provided to an employee, including all service, retirement and recognition rewards, as well as any award provided under the state employee suggestion incentive award program. Incentive awards do not become part of an individual's salary base.

Temporary Salary Adjustments - A salary adjustment that is provided to an employee who may take on additional duties or serve in an interim position or role, such as "Acting Director, Interim Dean, etc.," for a limited period of time, until the position can be filled. Temporary adjustments do not include overtime, overload, shift differentials, etc. Temporary salary adjustments do not become a part of an individual's salary base.

(g:georgia/800/801/OMB salary irregularities report TAB [Excel])

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Operator's Signature Date

Exhibit #11 Friday

North Dakota Student Association
2003 Legislative Priorities and Talking Points

Legislative Priorities

1.) SUPPORT FOR STATE BOARD OF HIGHER EDUCATION 2003 LEGISLATIVE TALKING POINTS. The SBHE approved their legislative priorities at their October meeting. These priorities including making the "flexibility with accountability" of the roundtable permanent; support for the SBHE needs based budget which is consistent with the long-term finance plan; and state appropriations for higher education at least 21% of the general fund. We support these priorities and ask for legislature's careful considerations.

2.) SUPPORT FOR MINIMIZING TUITION INCREASES. Tuition increases not only lead to hardships for students, but could also lead to reduced enrollment in the North Dakota University System. We realize there is a rising cost for education and are aware of the need for students to take on some of the burden. The state legislature has a direct impact on the tuition increases through its appropriations. Hence, we ask for sufficient appropriations so tuition increases will not exceed an average of 6 % annually.

3.) SUPPORT FOR GOVERNMENTAL PROMOTION OF INTERNSHIP PROGRAMS IN THE STATE OF NORTH DAKOTA. We feel that internships are vital to the success of the students of this state and that businesses across the state should work hand in hand with our universities to provide meaningful internships for willing students. We support the formalization of the state government internship program to be modeled after the South Dakota Executive Internship Program. After South Dakota formalized its internship process they went from 30 internships to 300. We would like to see the state government set the example for the rest of North Dakota and offer high quality internships. Governmental support and promotion of business internships will help build a successful internship program in North Dakota.

4.) SUPPORT FOR STATE FUNDING OF CONNECTND. The ConnectND project is vital for technological advancement in the State of North Dakota as a whole. It is not appropriate to put the burden on the students when the entire state is benefiting from this project. Therefore, the ConnectND project should be funded entirely by state dollars and not by students. We ask for appropriations for ConnectND in addition to the money appropriated for higher education.

Talking Points

Internet Bandwidth- bandwidth is lacking as a whole in the NDUS. The network infrastructure of the NDUS needs to be adequately maintained and upgraded in order to accommodate the needs for increased technology and bandwidth usage.

Transfer of Credits- There will most likely be a legislative bill that will force institutions of higher educations to accept transfer credits from other institutions in the NDUS. Although well intentioned, it is our opinion that students would be better served with careful consideration before accepting transfer credits. The current effort in common course numbering has improved the credit transfer situation and has done so without jeopardizing quality. Problems with transferring of credits are best handled within the NDUS and should not be a legislative issue.

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James Burgum Exhibit II 6
3rd day

North Dakota Internship Strategy
Project "Opportunity"

The statewide internship strategy is a proposal by North Dakota State University Student Government and the Students in Free Enterprise student organization.

Project Opportunity developed out of an initiative the students have called TIME - To Inspire More Entrepreneurs. The TIME initiative was created as the students felt that in order to remain in the state post graduation; opportunities need to be created for themselves. This project has strived to 1) provide an environment to create opportunities from the ground up through entrepreneurial activities and 2) provide opportunities by developing internship programs and closer collaboration between businesses and higher education. These opportunities we strive for need to be challenging, and within the field that offers career paths in the area of study they are interested in.

Internships are outstanding opportunities, not only for the students who gain valuable work experience, but also for the businesses and the state in which they reside. Students already understand the value of internships but many businesses, particularly small and medium sized organizations, are still reluctant to see the value in a solid internship program.

<u>The proposal consists of 3 strategic moves</u>:

1. **People** - Creation of two positions located strategically at North Dakota State University and the University of North Dakota. In phase two we would look at reallocating a responsibility or creating a position at the state level in the Department of Commerce, Economic Development and Finance as well as developing the program in other career centers across the state.
2. **Marketing** - Development and rollout of a local marketing campaign to educated businesses of the value that interns and youth can bring to an economy as well as a focus on retaining youth and how that can help to create a vibrant future. In phase two this marketing program would be taken statewide.
3. **Program** - Implementation of the "Internship in a Box" program to be used as a template that small and medium sized businesses could take advantage of to develop a sustainable program. The "Internship in a Box" program would also contain sales tools, ROI tools, and contact information for further development of a program.

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9/30/03
Date

PROJECT PLAN

1. <u>People</u>
   a. Internship Consultant (IC) - Report to Career Center Director
      i. These positions will be responsible for coordinating a point place beginning within the University system to identify current internship offerings and to coordinate them through one office.
      ii. Other responsibilities will include further developing the network of internships and creating local networking opportunities during the summers for interns to come together and build local relationships.
      iii. Responsible for designing and implementing a local marketing campaign to inform businesses of the value of internship programs. The campaign would also market the "Internship in a Box" program and consulting services provided by the two regional centers.
      iv. Responsible for working closely with local regional business communities for implementing "Internship in a Box" program.
      v. Providing workshops and seminars at area business conferences.
      vi. (NDSU) Responsible for oversight and development of a state wide network of internships and a central point that will organize the opportunities available both in the private sector as well as the state government opportunities. www.ndinterns.com
   b. State Director - Report to Economic Development and Finance Director
      i. This position would be implemented in the second round of financing and would be responsible for taking the pilot program statewide.
      ii. Develop and integrate the regional networks into the current state offerings. Bringing together a closer working relationship between the current government programs and the University System and the business community.

2. <u>Marketing</u> - Developed and Implemented by Career Center IC
   a. Development of local marketing campaigns targeted to area small and medium sized businesses. The campaign would have a goal of educating the local businesses on the value of interns and youth in our economy as well as marketing the various tools that the Career Centers offer.

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b. Included in the campaigns would be scheduled seminars and breakout sessions that would coincide with already established business conferences.
c. The marketing campaign would also be responsible for conducting surveys to help develop new tools and processes that businesses feel are needed to connect with students interns.

3. Program - Internship In a Box
   a. The Internship In a Box program will be a tool that the Internship Consultant can use to help develop and implement an internship program in a small or medium sized business.
   b. This program has been developed here at NDSU and will be revised as it moves forward. Currently, a draft document has been developed by Matt Murray, the Academic and Student Affairs Commissioner on NDSU's Student Government. This program and concept will be continued by the Internship Coordinator.

[redacted]

We as young adults are always dreaming big. There is nothing our state needs more than leaders that are comfortable biting off more that they can chew. We need more risk takers and more visionaries to drive our state to the next level. We have great visions for the internship model that we would like to see built in the State of North Dakota and we envision North Dakota to be a model that sets an example of the most intuitive and comprehensive internship networks in the nation. That is dreaming big, but that is where we want to be, and it is where we will be with the help of many dedicated people. We have one of the greatest education systems in the nation and produce some of the nations best and brightest, so it should come as no surprise that North Dakota will have an outstanding internship model for the nation to benchmark.

Not only will this program be great for students but for our state as well. As stated earlier, young adults are not nearly as afraid to take some risks. Keeping these visionaries and risk takers in the state will reap rewards for the businesses and the communities that these young adults reside in.

TIME - the only dimension we can not overcome, dream BIG!

[redacted]

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INDUSTRIAL COMMISSION OF NORTH DAKOTA

John Hoeven
Governor

Wayne Stenehjem
Attorney General

Roger Johnson
Commissioner of Agriculture

Testimony on House Bill 1003
Education and Environmental Division
of the House Appropriations Committee
Karlene Fine, Executive Director and Secretary
of the Industrial Commission and the SLT Authorized Officer
and
Edward Sather, Senior Vice President – Treasury Services
Bank of North Dakota
January 16, 2003

Mr. Chairman and members of the House Appropriations Committee, my name is Karlene Fine and I am Executive Director and Secretary for the Industrial Commission and the Student Loan Trust Authorized Officer. With me today is Ed Sather, Senior Vice President – Treasury Services for the Bank of North Dakota. We are here in support of the amendments to Section 16 of House Bill 1003 that have been presented by the North Dakota University System office.

As you are aware the Governor's Executive Budget proposes that $17,258,969 of funding be provided from the Student Loan Trust for various higher education programs. Since these are restricted funds held within a bond resolution under the Student Loan Trust there are some procedural requirements that must be met before funds can be transferred. These requirements are reflected in these amendments. The language proposed in these amendments is similar to the language used last session and in Senate Bill 2015 this session for the $9 million transfers from the Trust to the General Fund. We do not anticipate any difficulties in being able to provide the certification required. However, we believe it is important that this language be part of the law to demonstrate compliance with our contractual commitments under the bond resolutions. Under the resolutions debt service payments, rebate payments to the federal government and program operations have priority for payment by the Trust.

Attached to our testimony is a "White Paper" on the Student Loan Trust. This is provided as background information as a number of individuals have inquired about the Trust. If you have questions, Ed and I will be happy to try and answer them. We ask your favorable consideration of the amendments to Section 16 of House Bill 1003.

Karlene K. Fine, Executive Director and Secretary
State Capitol, 14th Floor - 600 E Boulevard Ave Dept 405 - Bismarck, ND 58505-0840
E-Mail: kfine@state.nd.us
Phone: (701) 328-3722 FAX: (701) 328-2820
"Your Gateway to North Dakota": discovernd.com

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Information on
The North Dakota Student Loan Trust

Background

In 1971 the Legislature authorized the Industrial Commission to "acquire and hold in one or more trusts [1] all unpaid United States government guaranteed or reinsured student loans and [2] North Dakota guaranteed student loans, belonging to the state of North Dakota or to any of its agencies . . ." (NDCC 54-17-24. See also NDCC 54-17-25). The creation of the North Dakota Student Loan Trust enabled the State of North Dakota to obtain low cost funds (through the sale of tax-exempt bonds) and use those funds for purchasing student loans originated or acquired by the Bank of North Dakota. Since 1971 the Industrial Commission has issued over $900,000,000 in student loan bonds. The Student Loan Trust had just over $125,751,000 in bonds outstanding as of September 30, 2002.

Structure of the Trust

The Student Loan Trust is composed of funds held under two General Bond Resolutions. These General Bond Resolutions determine the use and flow of funds within the Student Loan Trust.

The First General Bond Resolution (1979) includes funds from the 1979, 1988, 1989 and 1992 student loan bond issues. The following is a chart showing the assets and liabilities held under the First General Bond Resolution as of September 30, 2002 (unaudited):

	1979	1988	1989	1992	Total
Assets	3,576,727	27,314,915	24,049,376	10,398,399	65,339,417
Bonds Outstanding 09/30/02	0	0	3,887,115[2]	0	3,887,115
Other Liabilities	0	9,000,000[1]	1,340	0	9,001,340
Fund Balance	3,576,727	18,314,915	20,160,921	10,398,399	52,450,962

[1] The 57th Legislative Assembly directed the Student Loan Trust to make a transfer of $9,000,000 to the North Dakota General Fund during the 2001-2003 biennium with certain conditions. It is anticipated that this transfer will be made within the next 60 days.
[2] Non-callable; final maturity in 2005.

The non-callable 1989 bond issue is insured by Ambac Assurance Corporation (Ambac). The assets of the First General Bond Resolution include $42,298,454 of student loans.

The Second General Bond Resolution (1996) includes funds from the 1996, 1997, 1998 and 2000 Student Loan Bond Issues. The following chart shows the assets

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and liabilities held under the Second General Bond Resolution as of September 30, 2002 (unaudited):

	1996	1997	1998	2000	Total
Assets	20,867,865	21,615,274	34,962,833	65,259,453	142,705,425
Bonds Outstanding (09/30/02)	13,550,000 [1]	15,400,000 [2]	29,914,416 [3]	63,000,000 [4]	121,864,416
Other Liabilities	261,563	332,213	1,252,822	1,364,002	3,210,600
Fund Balance	7,056,302	5,883,061	3,795,595	895,451	17,630,409

[1] Bond maturities extend to 2006, 2014
[2] Bond maturities extend to 2027
[3] Bond maturities extend to 2006
[4] Bond maturities extend to 2025, 2035

All bond issues under the Second General Bond Resolution are insured by Ambac. The assets of the Second General Bond Resolution include $105,508,589 of student loans.

How did the Trust accumulate its fund balances?
Bonds sold in the 1970's and 1980's were issued under favorable Federal tax legislation. From those early bond issues the Trust was able to accumulate earnings that were not subject to arbitrage rebate to the federal treasury. One of the provisions of bonds sold prior to October 1, 1993 is that student loans held by the Student Loan Trust will receive a minimum yield of 9.5%. The student loan borrower pays the prevailing rate on a student loan and the federal government will provide a Special Allowance Payment to the Trust that would result in a 9.5% yield on the loan. These loans are very valuable assets of the Trust and this 9.5% yield can only be achieved as long as there are pre-1993 bonds outstanding or proceeds of the pre-1993 bond issues are utilized to recycle student loans.

Another source of earnings for the Trust results from the fact that when bonds are issued, a debt service reserve fund is established. That d ot service reserve fund (a source of repayment to the bondholders) is also invested. Some of the investment earnings on the debt service reserve fund are retained within the Trust.

How can the funds within the Trust be utilized?
Under both the First and Second General Bond Resolutions funds derived from the bond issues can be used for the following general purposes:

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1) Purchase of student loans: Federal Family Education Loan Program Loans (FFELP) and Dakota Education Alternative Loans (DEAL), a supplemental state guaranteed program. The FFELP loans carry federal coinsurance, while the DEAL loans are guaranteed by the North Dakota Guaranteed Student Loan Program (Guarantee Agency) without federal coinsurance;
2) Payment of debt service to the bondholders;
3) Providing financial assistance to the Guarantee Agency;
4) Payment of any rebate liability to the federal government or, when permitted, providing borrower benefits to students; and
5) Administration of the Student Loan Trust.

As noted above the Trust funds can be used to provide financial assistance to the Guarantee Agency. Over the past six years the Trust has transferred $5.8 million to the Guarantee Agency. This has allowed the Guarantee Agency to:

- Provide its guarantee on student loans to our student loan borrowers at a lower cost—the Guarantee Agency has eliminated a 1% guarantee fee previously charged to all borrowers;
- Upgrade its information technology system to streamline its operations, make the system more efficient and thus less costly, and to make the program more user friendly to the university system and other higher education institutions and ultimately to the borrowers;
- Fund six full-time positions for the Higher Education Computer Network (HECN) within the University System. These positions relate to programming system changes and training for HECN schools on system updates;
- Provide operating funds for the Guarantee Agency. Since the mid-90's the federal government has been withdrawing funds from guarantee agencies across the United States;
- Provide the required reserve funds (10%) needed for DEAL loans (those loans without federal coinsurance)

In order for the Guarantee Agency to offer its services at a lower cost to the student loan borrower, the Trust will be asked to transfer additional funding to the Guarantee Agency. Additional funding is also needed to meet the reserve requirements for additional DEAL program loans.

<u>Can funds be withdrawn from the Student Loan Trust?</u>
As noted above the General Bond Resolutions have limitations on how funds can be used. The Industrial Commission has just recently amended the First General Bond Resolution to allow transfer for the $9 million of earnings that were appropriated by the Legislature during the 2001 Legislative Session for the General Fund. All the outstanding bonds are insured by Ambac and any amendments to the General Bond Resolutions must be agreed to by Ambac. The Trust is currently seeking approval from Ambac of the amendment to the First General Resolution and requesting their approval of the $9 million transfer. The Trustee for the bonds must also certify that sufficient reserves remain to meet debt service payments, rebate payments and all program costs.

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Another option is to defease bonds outstanding under the First General Bond Resolution. Once all the bonds of any General Bond Resolution have matured, been redeemed or all the non-callable bonds defeased and the entire rebate liability due to the federal government paid, the remaining assets held under any General Bond Resolution would be transferred to the Industrial Commission. At that point the status of the student loan program would need to be evaluated and the legal status of any unencumbered assets determined. *(For your information, to defease a bond issue, the Commission deposits sufficient funds in an Escrow Account to fully pay the principal and interest on the outstanding bonds and all other outstanding costs.)* However, it is important to note that at the current time the Trust receives a yield of 9.5% on student loans held within the 1979 Resolution. The earnings from these 9.5% loans are partially used to pay a servicing fee to the Bank of North Dakota. The portion received by the Bank is reflected in the Bank's overall earnings.

<u>What has the Student Loan Trust income been and what is the forecasted fund balance?</u>

The Student Loan Trust has averaged net income over the past six years of $3,983,940 before transfers to the Guarantee Agency or the General Fund. Governor Hoeven's 2003-2005 Executive Budget utilizes $26,258,969 from the Student Loan Trust--$9,000,000 of the Student Loan Trust's projected income during the 2003-2005 biennium and $17,258,969 from funds held in the Student Loan Trust. This transfer from the funds held in the Student Loan Trust 1979 General Bond Resolution (which may require the sale of 9.5% loans) and a proposed transfer to the Guarantee Agency to support its operations and continue the DEAL loan program will reduce the First General Bond Resolution fund balance to $25,960,013 on July 1, 2005. The Trust is currently considering options, including the drafting of legislation, which will enable the Trust to provide the funding proposed in the Executive Budget without the sale of the 9.5% loans and to maximize the Trust's future earnings.

<u>Will students be able to obtain a student loan from the Bank of North Dakota if funds are transferred from the Student Loan Trust?</u>

Yes, the Bank of North Dakota will continue to offer FFELP student loans. Currently the Student Loan Trust is a liquidity provider for the Bank and provides an alternative for the Bank should the Bank determine a need to reduce its student loan portfolio.

Dated December 31, 2002

If there are additional questions regarding the Student Loan Trust, please contact Karlene Fine, Executive Director and Secretary for the Industrial Commission, or Ed Sather, Senior Vice President of the Bank of North Dakota.

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Program: SYSTEM GRANT PROGRAMS	**Reporting Level:** 00-215-120-00-00-00-00

North Dakota EPSCoR programs are open to all NDUS faculty and students. Many programs, including elements of the new NIH program, are aimed specifically at developing student-centered research opportunities at 4-year comprehensive and liberal arts universities.

The goals of ND EPSCoR are consistent with th[illegible] of the NDUS Roundtable Report and the multi-faceted infrastructure development plan outlined above collectively addresses the six cornerstones of the Roundtab[illegible] Specifically, with respect to Cornerstone 1: The Economic Development Connection, the Roundtable Report states "The research foundation on which entrepreneurial activity will necessarily be based must be expanded...To this end, the state should maximize the opportunities of EPSCoR funding available through Congress to assist in developing research and technology infrastructure..."

CONTINGENCY AND CAPITAL IMPROVEMENTS EMERGENCY FUND:
Allocations are made by the Board for unforeseen needs in such areas as research, staffing, grants, and capital emergencies. Allocations during the current biennium included a transfer to Valley City State University to assist in emergency boiler replacement and a transfer to Valley City State University and Mayville State University to help cover the cost of Success IT Initiative.

TITLE II: $695,600 Federal Funds
The NDUS Office distributes the federal funds on a competitive basis to institutions of higher education and organizations to provide services to elementary and secondary teachers to improve the teaching-learning process in mathematics and science. The ultimate goal is to improve both pedagogy and student performance.

EQUITY/SPECIAL NEEDS POOL:
See program objectives and program statistical narrative.

TECHNOLOGY POOL:
This budget supports the Chief Information Officer (CIO), to provide overall leadership and management for the Higher Education Computer Network (HECN), Interactive Video Network (IVN) and On-Line Dakota Information Network (ODIN). In addition, voice services are closely coordinated with data and video under the leadership of the CIO.

HECN is a dual host network that provides administrative and academic computing services to all NDUS campuses. Administrative computing services are primarily provided by UND. This includes the design, development, implementation, and maintenance of student record, financial, payroll, and other administrative systems. Teaching and research computing is provided to all faculty across the NDUS by NDSU. Currently, host site activities are managed by two part-time directors located at UND and NDSU. In their other capacity they serve as the director of their home campus computer center. Both campuses provide networking services to all NDUS campuses as well.

IVN is a statewide network that provides a high-quality, digital two-way audio and two-way video conferencing system using leased T1 telephone lines. Through IVN, the campuses share courses and faculty not available at all campuses. The system also allows students to enroll in classes as part of a full academic program or take college credit courses for personal or professional development at an IVN classroom near their home. Public and private organizations also conduct a variety of continuing education

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North Dakota University System
Student Grant Programs By Funding Source
Per 2003-05 Executive Recommendation

		(1) Student Grant Programs (Block Grant) 1/	(2) State Grant Program	(3) Scholars Program	(4) PSEP	(5) ND Indian Scholarship Program	(6) Education Incentive Programs	(7) Total
	General Fund:							
A.	2001-03 Adjusted Appropriation	$ -	$ 2,730,215	$ 816,368	$ 1,678,300	$ 204,086	$ 830,000	$ 6,258,969
B.	Increase (Decrease)	-	(2,730,215)	(816,368)	(1,678,300)	(204,086)	(830,000)	(6,258,969)
C.	***2003-05 Executive Recommendation***	-	-	-	-	-	-	$ -
D.	% Increase (Decrease)	0.0%	-100.0%	-100.0%	-100.0%	-100.0%	100.0%	-100.0%
	Other Funds: 2/							
E.	2001-03 Adjusted Appropriation	$ -	$ 3,247,074	$ 164,013				$ 3,411,087
F.	Increase (Decrease)	8,258,969	(3,247,074)	(164,013)				4,847,882
G.	***2003-05 Executive Recommendation***	8,258,969	-	-				$ 8,258,969
H.	% Increase (Decrease)	100.0%	-100.0%	-100.0%				142.1%
	Federal Funds:							
I.	2001-03 Adjusted Appropriation	$ -	$ 647,357					$ 647,357
J.	Increase (Decrease)	200,000	(647,357)					(447,357)
K.	***2003-05 Executive Recommendation***	200,000	-					$ 200,000
L.	% Increase (Decrease)	100.0%	-100.0%					-69.1%
	Total Funds:							
M.	2001-03 Adjusted Appropriation	$ -	$ 6,624,646	$ 980,381	$ 1,678,300	$ 204,086	$ 830,000	$ 10,317,413
N.	Increase (Decrease)	8,458,969	(6,624,646)	(980,381)	(1,678,300)	(204,086)	(830,000)	(1,858,444)
O.	***2003-05 Executive Recommendation***	$ 8,458,969	$ -	$ -	$ -	$ -	$ -	$ 8,458,969
P.	% Increase (Decrease)	100.0%	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%	-18.0%

1/ The 2003-05 block grant (column 1) is to be used as follows: $6,458,969 to fund the State Grant, Scholars, PSEP, ND Indian Scholarship and Education Incentive programs, and $2 million to fund a new student internship program.

2/ Other funds (line G) consist of funds from the student loan trust fund in 2003-05 (column 1), and funds from Minnesota reciprocity in 2001-03 (columns 2 &3).

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Our budget provides $2 million for a new Business Internship Program. The North Dakota Business Internship Program will make funds available to pay for internships in businesses where there are critical shortages of skilled workers.

North Dakota Job Service will identify those types of businesses and work with the Board of Higher Education to fund internship opportunities.

We are also providing additional resources to further elevate the efforts of the North Dakota Career Counseling Network and to enhance the northdakotahasjobs.com web site.

These efforts will help prepare and link our graduates with job opportunities in North Dakota and help recruit others to return to North Dakota.

We have great opportunities in North Dakota. We need to make our young people aware of them and help them to land these high-paying jobs.

Two weeks ago, I visited with North Dakota State university students to discuss their ideas and concerns about the future of our state.

They have advanced an initiative called TIME, which stands for "To Inspire More Entrepreneurs." This initiative fully reflects the creativity, insight and can-do spirit of North Dakota youth.

One of their project ideas, titled "Internship in a Box," calls for students themselves to create and help maintain internship programs at North Dakota companies.

This group of enterprising students, and others, will help us to develop the North Dakota Business Internship Program, and help build it as we move forward.

Marketing North Dakota

Another way we will create Smart Growth opportunities for our young people, is by marketing North Dakota more aggressively.

We are proposing two new initiatives to market North Dakota and make clear that we are the right choice for dynamic, career-generating enterprises.

First, we propose decoupling the state corporate income tax from the federal corporate tax.

At present, the effective North Dakota rate is 6.8 percent, but it is often perceived as a 10.5 percent rate because of the way federal deductions are allowed.

As a result, we often see North Dakota cited in national surveys and publications at more than 10 percent - a "high-tax state" - deterring companies from locating here.

In many cases, we don't realize the opportunities missed because, seeing the higher rate, companies may not even inquire about locating in North Dakota.

Decoupling the state and federal corporate income tax, which should be done on a revenue-neutral basis, will help market our state more effectively.

Second, we are leveraging our marketing efforts by partnering the Commerce Department with the New Economy Initiative (NEI).

Our budget provides funding of $200,000 to NEI, which they will further leverage with federal and private sector funding.

Also, through our Seed Capital Fund, we will join with NEI on Ideafest, a statewide business-plan competition that will highlight and support the best and brightest ideas North Dakotans have to offer.

But marketing our state – both externally and internally – means more than just focusing on quality job opportunities.

Job opportunities and careers are critical, but for most North Dakotans, especially young families, a home and roots in the community are also very much a part of the American dream.

Helping people to find the American Dream in North Dakota is also part of our effort to market the state.

Our budget includes funding for a program that recognizes that home is where the heart is, and that however important a career is, family and roots are just as much a part of Building Our Future in North Dakota as a good job.

Source: Gov. Hoeven's Budget Message
2003-05

NORTH DAKOTA
UNIVERSITY SYSTEM

Access - General

December 2002

State Grant Program

The North Dakota Student Financial Assistance Program (State Grant) provides a $600 non-repayable grant per year to North Dakota residents pursuing their undergraduate degree and who attend North Dakota's public, private (not-for-profit), and tribal colleges. The purpose of this need-based grant is to assist students with their cost of attending a North Dakota postsecondary institution. A State Grant also reduces the amount of money a student needs to borrow for their education.

- Over 33,000 North Dakota students applied for a state grant during 2001-2002. The State Grant Program was able to fund 2,482 needy students or roughly 8 percent of the eligible students during 2001-2002. For 2001-2002, the greatest unmet need of a State Grant Program recipient was $10,192 while the average unmet need was $4,843. Unmet need for this program is calculated as follows: Cost of education minus parent/student expected contribution, minus Federal Pell Grant, minus other resources, e.g., veterans' benefits, equals unmet need. For academic year 2001-2002, State Grant dollars were exhausted at an unmet need figure of $5,934. In other words, those students demonstrating an unmet need of $5,934 or less did not receive State Grant support.
- State funding to support the State Grant program is equivalent to 1.4 percent of annual tuition collections.

Students Receiving State Grant Dollar Awarded by Institution Type

	Public Institution	Private Non-Profit 4-Year Colleges & Hospital School of Nursing	Native American Community Colleges	Total
2002-2003 School Year (est.)				
# Applying 32,412				
# of Students Receiving Awards	1,893	567	85	2,545
$ Awarded	$1,127,400	$336,120	$51,000	$1,514,520
% of Total $ Awarded	74.4%	22.2%	3.4%	100%
% of all ND Students Attending College	87%	9%	4%	100%
2001-2002 School Year				
# Applying 33,046				
# of Students Receiving Awards	1,876	529	77	2,482
$ Awarded	$1,053,000	$306,732	$42,300	$1,402,032
% of Total $ Awarded	75%	22%	3%	100%
% of all ND Students Attending College	87.2%	9.1%	3.7%	100%

FOR MORE INFORMATION CONTACT:
Peggy Wipf, Director of Financial Aid and Federal Relations Coordinator
701.328.4114 Peggy.Wipf@ndus.nodak.edu

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State Grant Program (cont.)

- The State Grant Program has a maintenance of effort (MOE) requirement. Under federal law, states are required to meet or exceed the maintenance of effort requirement to ensure continued federal funding. The MOE requirement is the average expenditure of non-federal dollars for the past three years. To maintain the MOE requirement for the 2003-2005 biennium, an estimated $2.8 million in non-federal dollars is needed for the biennium, based on the (hold-even) budget request.

FOR MORE INFORMATION CONTACT:
Peggy Wipf, Director of Financial Aid and Federal Relations Coordinator
701.328.4114 Pegg.Wipf@ndus.nodak.edu
www.ndus.nodak.edu

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NORTH DAKOTA
UNIVERSITY SYSTEM

Access - General

December 2002

North Dakota Scholars Program

The North Dakota Scholars Program, a merit-based scholarship, was first funded by the Legislature in 1987 to provide scholarships to North Dakota's best and brightest high school graduates to encourage them to remain in North Dakota to obtain their postsecondary education.

- High school seniors must score at the 95 percentile or greater of all North Dakota ACT test takers and must also be in the upper 20 percent of their high school graduating class at the end of their junior year in order to be eligible for the scholarship.
- The scholarship is renewable for up to three years provided the recipient maintains a cumulative 3.50 grade point average.
- The scholarship is a full tuition scholarship for students attending North Dakota's public and tribal colleges and a tuition scholarship equal to North Dakota State University and the University of North Dakota's tuition for students attending North Dakota's private institutions.

	1997-98	1998-99*	1999-2000	2000-2001	2001-2002	2002-2003
# of candidates meeting 5% ACT requirement	671	455	455	413	505	548
# of candidates also meeting high school rank requirement	507	387	376	347	403	427
Offers made	120	112	87	62	107	113
Offers accepted	55	49	39	25	49	46
% of those offered and accepted	46%	44%	44%	40%	46%	41%

* The number of students meeting both the ACT and class rank requirements for the ND Scholars Program is considerably less for 1998-99 compared to 1997-98. This reduction is due, in part, to a 1997 statue change which eliminated including the December ACT Test Data as part of the initial scholars consideration pool and has allowed for Scholars offers to be made in February versus April.

FOR MORE INFORMATION CONTACT:
Peggy Wipf, Director of Financial Aid and Federal Relations Coordinator
701.328.4114 Peggy.Wipf@ndus.nodak.edu

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North Dakota Scholars Program (cont.)

- The North Dakota University System had sufficient funding to support the following number of North Dakota Scholars by class, by year.

North Dakota Scholars by class, by year						
	1997-98	1998-99	1999-2000	2000-2001	2001-2002	2002-2003
Freshmen	55	49	39	25	48	46
Sophomores	24	48	42	33	21.5	42
Juniors	12	22	44	40	28	22
Seniors	49	12	22	40	39.5	29
Total	**144**	**131**	**147**	**138**	**137**	**139**

- North Dakota students who qualify for this program are high academic achievers. These students are heavily recruited by out-of-state colleges and universities, who also offer financial incentives in order to attract them to their campus. This is demonstrated by the fact that in 2002-2003 in order to fund 46 new freshmen students, 113 offers were made, an acceptance rate of 41 percent. The other 67 students more than likely attended another out-of-state institution.

FOR MORE INFORMATION CONTACT:
***Peggy Wipf**, Director of Financial Aid and Federal Relations Coordinator*
701.328.4114 Peggy.Wipf@ndus.nodak.edu

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NORTH DAKOTA

Flexible and Responsive

December 2002

Professional Student Exchange Program (PSEP)

The Professional Student Exchange Program (PSEP), offered through WICHE provides access to North Dakota students in veterinary medicine, optometry, and dentistry program. These professional programs are not offered in North Dakota.

- In exchange for admitting qualified ND students into their programs, the out-of-state institutions receive a pre-determined support fee from the state of ND. As a participant of the program, the student pays resident tuition rates to the public out-of-state institutions and reduced tuition to private institutions. The support fee paid by ND provides guaranteed access to these programs assuming that students are academically prepared.

History of WICHE PSEP Support Fee Per Student Paid by North Dakota 1999-00 – 2004-05

Field	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
Veterinary Medicine	$20,400	$20,400	$21,700	$22,600	$23,500	$24,400
Optometry	$9,300	$9,500	$9,900	$10,300	$10,700	$11,100
Dentistry	$14,300	$14,700	$15,200	$15,900	$16,500	$17,200

- The North Dakota University System also has two additional contractual agreements that provide programmatic access for ND students interested in veterinary medicine and dentistry. Since 1991-92, Iowa State has agreed to accept up to 10 ND students per year into their veterinary medicine program at approximately $8,000-$10,000 less per student per year than required through the WICHE program. Under the current agreement with Iowa State's College of Veterinary Medicine, ND students who matriculate at Iowa State will be guaranteed enrollment for the duration of their program.

- The second agreement is with the University of Minnesota-Twin Cities, which extends reciprocity rates to ND students enrolled in their professional programs of veterinary medicine and dentistry under the Minnesota/ND reciprocity agreement. Under the current agreement, ND students pay the MN professional program resident rate while attending the University of Minnesota-Twin Cities. The current reciprocity agreement has resulted in significant savings to the PSEP program. The state incurs no cost for ND students attending a Minnesota campus for veterinary medicine and dentistry. For academic year 2002-2003, there are 28 North Dakota students enrolled in dentistry at the University of Minnesota, and 7 in their veterinary medicine program.

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Peggy Wipf, Director of Financial Aid and Federal Relations Coordinator
701.328.4114 Peggy.Wipf@ndus.nodak.edu

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PSEP (cont.)

- During the 2001-03 biennium, a total of 130 students, freshmen through seniors, will receive support through this program with a state general fund appropriation of $1,655,678.

Number of Freshmen PSEP Slots Funded by Year

	Veterinary Medicine	Dentistry	Optometry
1997-1998	9	2	8
1998-1999	5 (3)*	2 (7)*	8
1999-2000	5 (2)*	1 (8)*	8
2000-2001	7 (1)*	2 (7)*	10
2001-2002	6 (0)*	4 (5)*	6
2002-2003	4 (4)*	5 (8)*	5
2003-2004 (estimate)	4-5[1] (2-3[2])	6-7[1] (3-4[2])	6-7[1] (4-5[2])
2004-2005 (estimate)	4-5[1] (2-3[2])	6-7[1] (3-4[2])	6-7[1] (4-5[2])

[1] Based on needs-based budget
[2] Based on hold-even budget
* Number of freshmen North Dakota students enrolled at U. of Minnesota – veterinary medicine & dentistry
NOTE: 2003-05 request assumes the carryover of unspent 2001-03 general fund appropriation of approximately $28,212.

- Applicant numbers for the Professional Student Exchange Program totaled 50 for academic year 2002-03; i.e., 13 in veterinary medicine, 21 in dentistry, and 16 in optometry.

- 2002 data suggests that approximately 65 percent of the total number of PSEP students (e.g., 69 percent in dentistry, 45 percent in optometry, and 70 percent in veterinary medicine) that receive state support through this program return to the state to practice in their given profession after graduation.

- North Dakota also participates in WICHE as a receiving state for physical and occupational therapy, medicine and pharmacy programs.

Number of Students North Dakota Receives through PSEP Fall 2001

Sending State	Physical Therapy	Occup. Therapy	Medicine	Pharmacy	TOTAL
Alaska	1				1
Arizona					0
Hawaii	4				4
Idaho					0
Montana		1	3		4
Nevada	1				1
New Mexico	0				0
Oregon	3				3
Wyoming	11	1	3		15
TOTAL	20	2	6	0	28

MORE INFORMATION CONTACT:
Peggy Wipf, Director of Financial Aid and Federal Relations Coordinator
701.328.4114 Peggy.Wipf@ndus.nodak.edu

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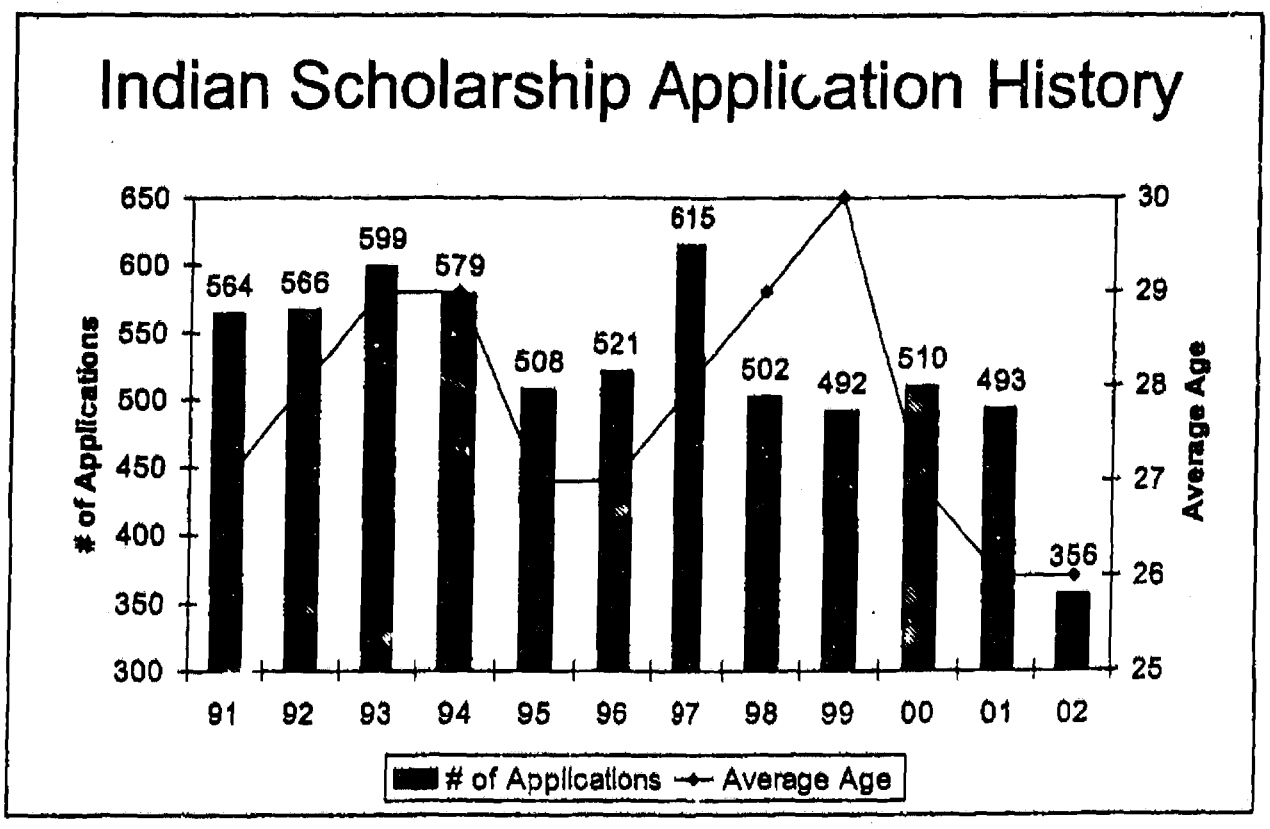
NORTH DAKOTA

Access - General

December 2002

Indian Scholarship Program

- The Indian Scholarship Program assists American Indian students in obtaining a basic college education by providing grants based upon scholastic ability and financial need. By limiting scholarship awards to $700, the Indian Scholarship Board has been able to make scholarship awards to approximately 145 eligible applicants annually. 97.8 percent of the students show financial need. Approximately 20 program participants graduate each year.
- The qualifications for eligibility for the North Dakota Indian Scholarship Program are as follows:
  - Applicants must either be a resident of North Dakota with one-quarter degree Indian blood or an enrolled member of any tribe and now resident in North Dakota. Residency for each student shall be determined by the institution that student is attending.
  - All applicants must have been accepted for admission at an institution of higher learning or state vocational education program within North Dakota.
  - Scholarship recipients must be enrolled full-time and may not have a grade point average below 2.00.
  - Students participating in internships, student teaching, teaching assistance, or cooperative education programs may be eligible for a scholarship award only if participation in that program is required for the degree and only if tuition must be paid for the credits earned.



FOR MORE INFORMATION CONTACT:

Rhonda Schauer, State Approving Agency Director/Coordinator of American Indian Higher Education

701.328.9661 Rhonda.Schauer@ndus.nodak.edu

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Indian Scholarship Program (cont.)

History of Native American Scholarship Program				
Biennium	Full-time Native American Students Attending College*	Native American Scholarships Awarded	State General Funds Appropriated	% of Full-time Students Receiving Funding
1973-75	1,366	50	$45,000	3.7%
1975-77	1,935	82	$75,000	4.2%
1977-79	2,258	89	$85,000	3.9%
1979-81	2,278	101	$85,000	4.4%
1981-83	1,964	173	$147,742	8.8%
1983-85	2,051	272	$175,000	13.3%
1985-87	2,729	276	$175,000	10.1%
1987-89	2,812	293	$175,000	10.4%
1989-91	2,699	246	$170,700	9.1%
1991-93	3,260	237	$200,000	7.3%
1993-95	2,669	300	$200,000	11.2%
1995-97	3,207	289	$204,000	9.0%
1997-99	4,367	292	$204,000	6.7%
1999-01	4,733	295	$204,082	6.2%
2001-03	4,899	294	$204,082	6.0%

*Includes the following schools: Bismarck State College, Dickinson State University, Fort Berthold Community College, Jamestown College, Lake Region State College, Little Hoop Community College, University of Mary, Mayville State University, Minot State University, Minot State University-Bottineau Campus, North Dakota State University, Standing Rock College, North Dakota State College of Science, Turtle Mountain Community College, University of North Dakota, Valley City State University, and Williston State College.

FOR MORE INFORMATION CONTACT:
Rhonda Schauer, *State Approving Agency Director/Coordinator of American Indian Higher Education*
701.328.9661 Rhonda.Schauer@ndus.nodak.edu

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NORTH DAKOTA

Access - General

December 2002

Teacher Shortage Loan Forgiveness Program

The 2001 North Dakota legislature appropriated $250,000 to the North Dakota University System (NDUS) for the purpose of administering a student loan forgiveness program. The intent of this program is to reduce a student's loan indebtedness for individuals teaching in North Dakota at grade levels and/or in content areas identified by the Department of Public Instruction as having a teacher shortage.

Funding recipients are eligible to receive $1,000 per year in continued loan forgiveness, for each consecutive year they teach in a teacher shortage area, up to a maximum of 5 years or $5,000. The Bank of North Dakota is responsible for applying and/or forwarding loan forgiveness payments for funded recipients.

- For academic year 2001-2002, a total of 100 applications were received. Of the 100 applicants, 91 met all the qualifications for the program and there was sufficient funding to support 81.
- The average student loan indebtedness of funded applicants, as reported on their applications, is $12,361.
- The following is a breakdown, by defined shortage areas, of funded 2001-2002 applicants:

Defined Shortage Areas of Funded Applicants for 2001-2002	# of Applicants Funded
Computer Education	12
English Language Arts	10
Mathematics	9
Music	10
Science	18
Special Education Programming	22
Health Careers	0
TOTAL	81

FOR MORE INFORMATION CONTACT:
Peggy Wipf, Director of Financial Aid and Federal Relations Coordinator
701.328.4114 Peggy.Wipf@ndus.nodak.edu

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Teacher Retraining Scholarship Program

The 2001 North Dakota legislature appropriated $120,000 to the North Dakota University System (NDUS) for the purpose of administering a teacher retraining scholarship. The intent of this program is to encourage elementary/secondary interim emergency license holders as well as two-year provisional trade and industry license holders to complete an approved North Dakota Education Standards and Practices Board (ESPB) Plan of Study to qualify for full teaching licensure.

Funding recipients are eligible to receive tuition and mandatory fees reimbursement for courses needed to complete their Interim Emergency Licensure or a two-year provisional trade and industry license obligation. Eligible applicants may also receive an additional $2,000 scholarship for up to two terms if the funded recipient carries 12 or more undergraduate credits per term or 9 or more graduate credits per term. Individuals must apply or re-apply every term for new or continued funding.

- For academic year 2001-2002, a total of 11 applications were received. Of the 11 applicants, six were funded. In addition, two of the six funded applicants were eligible for a $2,000 scholarship.

FOR MORE INFORMATION CONTACT:

***Peggy Wipf**, Director of Financial Aid and Federal Relations Coordinator*

701.328.4114 Peggy.Wipf@ndus.nodak.edu

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NORTH DAKOTA
UNIVERSITY SYSTEM

Access - General

December 2002

Doctoral Program

The 2001 North Dakota legislature appropriated $60,000 to the North Dakota University System to provide incentives to encourage additional doctoral graduates in North Dakota. The State Board of Higher Education authorized the allocation of $30,000 to both the University of North Dakota (UND) and North Dakota State University (NDSU) to enhance existing doctoral stipends.

- At UND, the program was extremely useful in that it allowed seven doctoral students to continue their doctoral research through the summer term. These students would not have had summer support without the program. The program had an impact. As five of the students have advanced to candidacy, it is estimated that at least five of the students will complete their doctoral degrees during the 2002-2003 academic year.

  Six of the students were from North Dakota.

Student 1	English
Student 2	Biology
Student 3	Psychology
Student 4	Clinical Psychology
Student 5	Counseling Psychology
Students 6 & 7	Pharmacology, Physiology and Therapeutics

- At NDSU, the funds were utilized to support nine Ph.D. students on doctoral stipend enhancements at NDSU. These funds were useful in allowing NDSU to offer total stipend packages in the sciences and engineering. The impact was immediate in that NDSU successfully recruited all students receiving offers.

FOR MORE INFORMATION CONTACT:
***Peggy Wipf**, Director of Financial Aid and Federal Relations Coordinator*
701.328.4114 Peggy.Wipf@ndus.nodak.edu

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North Dakota University System
Student Grant Programs By Funding Source
Per Engrossed HB 1003

	(1) State Grant Program	(2) Scholars Program	(3) PSEP	(4) ND Indian Scholarship Program	(5) Education Incentive Programs: Tech Occup Student Loan Program	(6) Education Incentive Programs: Teacher Shortage Loan Forgiveness	(7) Education Incentive Programs: Teacher Retraining	(8) Education Incentive Programs: Doctoral Program	(9) Education Incentive Programs: Total Education Incentive Programs	(10) Total
General Fund:										
A. 2001-03 Adjusted Appropriation	$ 2,730,215	$ 816,368	$ 1,678,300	$ 204,086	$ 400,000	$ 250,000	$ 120,000	$ 60,000	$ 830,000	$ 6,258,989
B. Increase (Decrease)	-	-	-	-	-	-	-	-	-	-
C. *2003-05 Engrossed HB 1003*	2,730,215	816,368	1,678,300	204,086	400,000	250,000	120,000	60,000	830,000	$ 6,258,989
D. % Increase (Decrease)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Funds: 1/										
E. 2001-03 Adjusted Appropriation	$ 3,247,074	$ 164,013								$ 3,411,087
F. Increase (Decrease)	(1,747,074)	(164,013)								(1,911,087)
G. *2003-05 Engrossed HB 1003*	1,500,000	-								$ 1,500,000
H. % Increase (Decrease)	-53.8%	-100.0%								-56.0%
Federal Funds:										
I. 2001-03 Adjusted Appropriation	$ 647,357									$ 647,357
J. Increase (Decrease)	(447,357)									(447,357)
K. *2003-05 Engrossed HB 1003*	200,000									$ 200,000
L. % Increase (Decrease)	-69.1%									-69.1%
Total Funds:										
M. 2001-03 Adjusted Appropriation	$ 6,624,646	$ 980,381	$ 1,678,300	$ 204,086	$ 400,000	$ 250,000	$ 120,000	$ 60,000	$ 830,000	$ 10,317,413
N. Increase (Decrease)	(2,194,431)	(164,013)	-	-	-	-	-	-	-	(2,358,444)
O. *2003-05 Engrossed HB 1003*	$ 4,430,215	$ 816,368	$ 1,678,300	$ 204,086	$ 400,000	$ 250,000	$ 120,000	$ 60,000	$ 830,000	$ 7,958,969
P. % Increase (Decrease)	-33.1%	-16.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-22.9%
Awards Information:										
Q. 2001-03 ave # per year	2,513			145						
R. 2001-03 new awards per year		47	5vets,4dent,6opt		63 yr1/133 yr2		81	6-7/semester		
Following could be funded at Engrossed HB 1003 level:										
S. 2003-05 ave # per year	2,545			145						
T. 2003-05 new awards per year		22	4vets,4dent,4opt		74	Cut 33 of existing		4-5/semester		
Estimated shortfall to fund the cost to continue existing awards & to fund a comparable # of new awards in 2003-05 2/ U.		$ (294,494)	$ (105,1		$ (250,000)	$ (310,000)	$ (45,000)		$ (605,000)	$ (1,605,272)

1/ Other funds (lines E-G) consist of funds from Minnesota reciprocity. The $1.5 million increase (column 1 - line G) was added by the House "for potential receipts from the Mn-ND reciprocity agreement." However, this is only appropriation "authority" and no receipts are expected from this agreement at this time.

2/ The following estimated carryover from 2001-03 has been considered when computing the estimated shortfall: State grants - $127,000; Scholars - $44,000; PSEP - $28,000; Technology Occupations Student Loan Program - $141,000; Teacher Shortage Loan Forgiveness Program - $7,000; and Teacher Retraining Program - $6,000.

g:\cathy\excel\fil\03-05 House\Student grant prgms by funding source

NORTH DAKOTA

Flexible and Responsive

December 2002

North Dakota/Minnesota Reciprocity

The North Dakota/Minnesota reciprocity program is a program of student exchange that has existed since 1975.

The purposes of the program are: (1) to continue to improve postsecondary education opportunities for North Dakota and Minnesota residents; and (2) to achieve improved effectiveness and economy in meeting the postsecondary education needs of those residents through cooperative and efforts by the two neighboring states.

How the Payment Works:
Students generally pay the higher of the two states rates. Currently, North Dakota students attending Minnesota campuses pay the Minnesota rate. While Minnesota students attending UND and NDSU pay the Minnesota rate, which is higher than the North Dakota rate.

For the 2002-03 academic year Minnesota students attending ND campuses pay the following rates:

- Minnesota students attending UND and NDSU pay the average Minnesota State University System resident graduate and undergraduate rate.
- Minnesota students attending MISU pays 116% of the North Dakota resident undergraduate tuition rate for undergraduate programs; and, the average Minnesota State University System graduate resident rate for graduate programs.
- Minnesota students attending DSU, MaSU, and VCSU pay 116% of the North Dakota resident undergraduate tuition rate.
- Minnesota students attending two-year campuses pay the average of the Minnesota Community/Technical/Consolidated Colleges resident rate.

During the 2000 academic year, for every 100 Minnesota students attending North Dakota campuses there were 84 North Dakota students attending a Minnesota campus. For each additional student North Dakota receives beyond a one-for-one exchange, the State of Minnesota makes a cash payment to North Dakota equal to the marginal cost of education less the portion paid by the student through a tuition payment. This payment is allocated to need-based grant and scholarships for North Dakota students attending an eligible North Dakota postsecondary institution. For the 2001-02 academic year it is estimated that Minnesota will pay North Dakota over $400,000 for additional students in North Dakota. No payment is anticipated for the 2002-03 academic year. From 1996-97 to the 2001-02 year, Minnesota has paid North Dakota over $13 million.

FOR MORE INFORMATION CONTACT:
Laura Glatt, Vice Chancellor for Administrative Affairs
701.328.4116 Laura.Glatt@ndus.nodak.edu

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ND/MN Reciprocity (cont.)

Number of Students Using Reciprocity (full-time equivalent)			
Year	MN in ND	ND in MN	ND to MN Ratio
1990-91	5,346	4,570	.85
1991-92	5,217	4,413	.85
1992-93	5,416	4,119	.76
1993-94	5,563	4,043	.73
1994-95	5,619	3,796	.68
1995-96	5,681	3,715	.65
1996-97	5,666	3,821	.67
1997-98	5,586	3,714	.66
1998-99	5,710	4,298	.76
1999-00	5,769	4,736	.82
2000-01	6,064	5,066	.84

Benefits of the agreement include:

- Provides greater availability and accessibility to programs. North Dakota students interested in programs not offered in-state are provided access at a reasonable cost and location.
- Eliminates the need for North Dakota's public institutions to be all things to all people. Access is provided to programs not offered here, thereby foregoing the high costs of program start-up, faculty, staff, and related operating expenses.
- Provides the University System the opportunity to spread fixed costs over a much larger student base.
- Adds diversity to the student body.
- Attracts permanent ND residents as some of these students stay to live and work in North Dakota after graduation.

FOR MORE INFORMATION CONTACT:
Laura Glatt, *Vice Chancellor for Administrative Affairs*
701.328.4116 Laura.Glatt@ndus.nodak.edu

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December 2002

Western Interstate Commission on Higher Education (WICHE)

The Western Interstate Commission on Higher Education (WICHE) is a non-profit, regional organization established by interstate compact. It helps 15 western states work together to provide high quality, cost-effective programs to meet the educational and workforce needs of the western region.

- **The fifteen western states** that are part of the compact include: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, North Dakota, South Dakota, Oregon, Utah, Washington, and Wyoming.

- Each participating state pays dues to support WICHE. North Dakota's yearly dues to belong to WICHE for fiscal year 2004 and fiscal year 2005 will be $105,000 and $108,000 respectively.

- North Dakota's involvement in various WICHE Interstate Cooperative Programs has eliminated the costly start-up of professional programs and has allowed North Dakota residents to explore programs not offered in-state at reduced tuition rates.

- North Dakota's involvement in WICHE includes the participation in the Professional Student Exchange Program, the Western Undergraduate Exchange Program, the Western Regional Graduate Program, and the Western Cooperative Telecommunications Cooperative. *(See Students and Employees section for details on specific programs.)*

- A central mission of WICHE is to help policymakers develop innovative, effective responses across a range of issues affecting higher education.

- WICHE's policy analysis and information focuses on higher education in the western states, including:
  - student cost issues, such as annual tuition and fee data and state financial aid policies;
  - state support for higher education; and
  - the graduation numbers of high school students in every state and projections to alert education planners to changing state needs.

FOR MORE INFORMATION CONTACT:

Peggy Wipf, *Director of Financial Aid and Federal Relations Coordinator*

701.328.4114 Peggy.Wipf@ndus.nodak.edu

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WICHE FY 2002 - 2003 Work Plan: Priority Themes & Activities

Existing Activities
(GF=general fund)

Finance

Annual *Tuition and Fees* report (GF)

WCET's Technology Costing Methodology project handbook (FIPSE)

Multi-year policy projects on higher ed finance and financial aid (Lumina Foundation)

Performance measurement improvement in the Western states public mental health programs

Access

Student Exchange Programs: Professional Student Exchange Program (PSEP), Western Regional Graduate Program (WRGP), Western Undergraduate Exchange (WUE)

Accelerated Learning Initiatives (U.S. Dept. of Education)

Pathways to College Network (GE Fund, James Irvine Foundation, FIPSE and others)

North American Student Exchange Program (FIPSE)

U.S./U.K. Project (Mellon, British Funding Council)

Project on the collision between demand, access, and financial constraints (Ford)

Multi-year policy projects on higher ed finance and financial aid (Lumina Foundation)

Innovation & Info-technology

Support of the NorthWest Academic Forum's regional initiatives (NWAF)

Western Cooperative for Educational Telecommunications initiatives

Building regional participation in the American Tell-Ed Communications Alliance (self-funding)

North American higher education portal expansion (FIPSE)

Workforce

Workforce Briefs (GF)

Building partnerships for competency: Public mental health workforce development -- presentation and discussion between the commission and state mental health directors in the West

Project on workforce issues and higher ed: nursing, teacher education, information technology, and faculty (Ford)

Accountability

Regional Factbook: *Policy Indicators for Higher Education* (GF)

Policy Insights on a range of higher education issues (GF)

Development of guidelines in distance-delivered education for the regional accrediting agencies

Project on higher ed quality and accountability in a time of stable or declining enrollments (Ford)

New Directions
(proposals have been approved by the commission and submitted)

Finance

Expanding the Technology Costing Methodology project (FIPSE)

Examination of the impact of revenue constraints on future viability of higher ed in the West

Access

PSEP revitalization

Faculty diversity initiatives

High school graduates projections by state, race/ethnicity, and income

Innovation & Info-technology

Developing the Northwest Educational Outreach Network for NWAF

WCET work to improve information on electronic learning resources (Mondo)

Workforce

Expanding professional advisory councils (health professions, veterinary medicine)

Accountability

Collaboration with NCHEMS, SHEEO and WICHE on database maintenance and exchanges

On the Horizon

(proposals not yet submitted to the commission or past proposals that are being recast)

Finance

Policy work on resident and nonresident tuition policies

Access

Policy work and technical assistance strategies to expand access for students with disabilities

Research on student mobility

Innovation & Info-technology

Exploring the development of portal technologies

Workforce

Revamping Student Exchange Program responses to critical workforce shortages

Convening regional forums on emerging workforce needs

Adequacy of program delivery in areas without comprehensive postsecondary education institutions

Accountability

Institute for legislators and trustees on higher ed issues

Follow-up initiatives responding to the National Center on Public Policy and Higher Education's report cards

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Midwest Higher Education Commission (MHEC)

The Midwestern Higher Education Commission (MHEC) is an interstate compact that was established in 1991. The purpose of MHEC is to advance higher education through interstate cooperation and resource sharing.

Member states of MHEC are Illinois, Indiana, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, and Wisconsin.

- MHEC follows six major goals in carrying out its compact mission. They are to enhance productivity through reductions in administrative costs; to encourage student access, completion and affordability; to facilitate public policy analysis and information exchange; to foster regional academic cooperation and services; to promote quality educational programs; and to encourage innovation on the delivery of educational services.

  Currently, North Dakota has representation on the following MHEC committees:
  (1) Advanced Placement Committee
  (2) Computing Resources Task Force
  (3) Distributed Learning Workshop Board
  (4) Equipment Maintenance Management Initiative
  (5) Graduate Exchange of Midwest Minority Scholars
  (6) Master Property Program Committee
  (7) Midwest Student Exchange Council
  (8) Regional Purchasing Steering Committee
  (9) Risk Management Committee
  (10) SHEEO's Committee
  (11) Telecommunications

- The North Dakota University System office has included $181,500 in its hold-even budget request to support its membership in MHEC in the 2003-05 biennium.. This membership would provide expanded educational opportunities for North Dakota students and administrative alignments with other Midwestern higher education institutions.

- Cost savings realized by North Dakota in 1999-2001 through participation in MHEC's programs is estimated to be $384,200. When the amount paid by North Dakota for dues in fiscal year 1999-01 is offset, the net savings is $226,700.

FOR MORE INFORMATION CONTACT:
***Peggy Wipf**, Director of Financial Aid and Federal Relations Coordinator*
701.328.4114 Peggy.Wipf@ndus.nodak.edu

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Western Undergraduate Exchange (WUE)

The Western Undergraduate Exchange (WUE) offered through WICHE is a program through which students in 15 participating states (Alaska, Arizona, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, North Dakota, Oregon, South Dakota, Utah, Washington, and Wyoming) may enroll in designated two-year and four-year institutions and programs in other participating states at a reduced tuition level. California accepts students from all WICHE states only at the California Maritime Academy.

- Tuition for WUE students in all states is 150 percent of regular in-state tuition in designated two-year and four-year public institutions and programs.

- All North Dakota University System institutions participate in the WUE Program and open all academic programs except the A.S. in Dental Hygiene at NDSCS; A.A.S. in Practical Nursing and B.S. in Nursing Completion at DSU; upper division architecture, nursing, and pharmacy at NDSU; and B.S. in Occupational Therapy and B.S. in Physical Therapy at UND. Some states limit access to certain programs as well.

- In the Fall 2001, 1,551 students from other states were enrolled at North Dakota institutions while 566 North Dakota students enrolled elsewhere in the region under this exchange program at 150% of the ND resident rate (see details by state on following page). The majority of WUE students from other states major in such North Dakota University System programs as: (1) education, (2) business administration/management, (3) psychology, (4) architecture, (5) liberal arts, and (6) social sciences. While North Dakota students enrolled elsewhere in the region under the WUE agreement major in such programs as: (1) engineering (mechanical, chemical, civil), (2) elementary education, (3) wildlife and fisheries, and (4) business (general).

FOR MORE INFORMATION CONTACT:
Peggy Wipf, Director of Financial Aid and Federal Relations Coordinator
701.328.4114 Peggy.Wipf@ndus.nodak.edu

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WUE (cont.)

Western Undergraduate Exchange
Fall 2001 Enrollment Summary

State of Attendance (# of inst. enrolling WUE students)	AK	AZ	CA	CO	HI	ID	MT	NV	NM	ND	OR	SD	UT	WA	WY	Attend. Totals
AZ (14)	90	X	50	108	8	23	12	53	61	12	42	9	45	56	28	597
CO (23)	133	83	3	X	252	69	95	71	307	44	89	96	95	85	272	1,674
ID (6)	127	11	0	24	23	X	169	133	8	10	239	8	20	251	73	1,096
NV (5)	332	93	25	242	756	86	58	X	116	17	260	26	102	153	63	2,333
ND (11)	83	26	129	125	34	48	225	46	8	X	69	497	10	135	117	1,551
SD (6)	27	10	67	106	10	17	153	12	12	330	13	X	23	21	647	1,450
(4)	124	17	124	17	66	102	79	10	9	3	90	0	6	X	4	651
2-Yr.	96	59	115	286	20	136	452	118	96	66	76	117	158	96	105	1,960
4-Yr.	1,403	315	777	1,196	1,491	865	869	549	523	496	1,012	840	331	1,313	1,511	13,513

FOR MORE INFORMATION CONTACT:
Peggy Wipf, Director of Financial Aid and Federal Relations Coordinator
701.328.4114 Peggy.Wipf@ndus.nodak.edu

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Flexible and Responsive

December 2002

Western Regional Graduate Programs (WRGP)

The Western Regional Graduate Program (WRGP) offered through WICHE began in 1981. The primary purpose of WRGP is to permit students from the various WICHE states (Alaska, Arizona, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming) to enroll in over 100 distinctive graduate programs within the compact.

- Students who participate in the WRGP Program pay the resident tuition rate at the public institution attended rather than the much higher non-resident rates. There is no additional state payment required to support this program.

- During academic year 2001-2002, five North Dakota students took advantage of this program. During this same timeframe, North Dakota received three students under this program.

FOR MORE INFORMATION CONTACT:
Peggy Wipf, *Director of Financial Aid and Federal Relations Coordinator*
701.328.4114 Peggy.Wipf@ndus.nodak.edu
www.ndus.nodak.edu

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Midwest Student Exchange Program (MSEP)

Offered by the Midwest Higher Education Commission, the Midwest Student Exchange Program (MSEP) enables students to enroll in out-of-state colleges and universities at no more than 150 percent of the institution's resident tuition rate. Each participating institution determines which degree programs it wishes to make available to students, the number of students it will admit and its admission requirements. The program now includes six participating states: Kansas, Michigan, Minnesota, Missouri, Nebraska and North Dakota.

- All North Dakota University System institutions participate in the MSEP program and open all academic programs on a space-available basis, except the upper division architecture, nursing and pharmacy at NDSU; and B.S. in Occupational and Physical Therapy at UND.
- The 2001-2002 academic year was the first year North Dakota participated in the MSEP program. 67 students from other states were enrolled at North Dakota institutions while three North Dakota students were enrolled elsewhere in the region under this exchange program at no more than 150 percent of the institution's resident tuition rate. The majority of MSEP students from other states major in such North Dakota University System programs as: (1) Power Plant Technology, (2) Elementary Education, (3) Psychology, (4) Engineering, (5) Business Administration, (6) Mathematics, (7) Aviation, and (8) Technology Education.

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701.328.4114 Peggy.Wipf@ndus.nodak.edu

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Access - Technology

December 2002

Higher Education Computer Network (HECN)

The Higher Education Computer Network (HECN) provides core information technology services to the 11 NDUS institutions. North Dakota is one of a very few states where all higher education institutions share an IT service infrastructure. It has proven to be a very successful model because it provides a significant level of computing and networking capabilities and support for students, faculty and staff in the North Dakota University System (NDUS) while holding down costs. HECN also coordinates with the Information Technology Department of North Dakota state government in use of the state network and works collaboratively towards a shared NDUS, state government and K-12 enterprise resource planning initiative, among other joint initiatives.

HECN services are provided at host sites located at North Dakota State University (NDSU) and the University of North Dakota (UND). A number of committees comprised of NDUS staff and users meet regularly to guide HECN services and support. Services and support areas include:

- **Administrative system applications:**
  - **Student Records** include prospective student, financial aid, registration (on-line, touch-tone, and batch), grade loading, transcript, career service, placement system, continuing education, and graduation audit.
  - **Financial Records** include general ledger, purchasing, accounts receivable and payable, tuition/fee billing, store's inventory, facilities' inventory, parking, bookstore, student loans, housing, and ticket reservation.

Academic

- **Directory and e-mail service** which includes more than 25,000 user accounts
- **Domain name service** for nodak.edu and other NDUS domains
- **Enterprise resource planning system** to replace administrative systems
- **Help desk services** for questions, problem tracking and resolutions
- **High performance computing** for research and instructional use
- **Internet2** for high bandwidth network use
- **K-12's SENDIT Technology Services** program administration
- **Legislative Bill Tracking System** development and support
- **LISTSERV ™** e-mail list management services
- **Maintenance of servers** for research and instructional use
- **Site license software program coordination** for all campuses and K-12 which has resulted in cost savings of approximately $400,000 per year
- **Staff resources** for special academic and/or administrative projects such as distance learning
- **Training** for faculty and staff in new software applications
- **Wide area network service** coordination and planning in cooperation with ITD
- **Web server** for www.nodak.edu

FOR MORE INFORMATION CONTACT:
Grant Crawford, *NDUS Chief Information Officer*
701.231.6168 Grant.Crawford@ndus.nodak.edu

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NORTH DAKOTA

Access - Technology

December 2002

Interactive Video Network (IVN)

The North Dakota Interactive Video Network (IVN) provides videoconferencing leadership for the state of North Dakota. In 2002, IVN deployed the H.323 video delivery standard, an Internet-based delivery platform that operates on the North Dakota STAGEnet. During this period, IVN grew from less than 40 sites located mainly on university system campuses to 200 classrooms and conference rooms spread across nearly every county in the state.

Of all distance education technologies, videoconferencing most closely replicates traditional classroom instruction. Two or more locations can be connected for each IVN event and multiple events can be scheduled simultaneously. This robust system is being utilized for a variety of purposes:

- **Higher Education** – 27 degree programs are currently offered on IVN, ranging from two-year Associate Degrees to Masters Degrees. More than 3,000 students enrolled in 173 NDUS credit classes during the 2000-01 academic year.

- **Secondary Education** – 157 public schools divided into 12 consortia across the state now have videoconferencing capabilities. In the fall of 2002, 2,376 high school students participated in 166 video classes. Of that, 657 students enrolled in 47 first time video classes at new, H.323 IVN locations. A number of high schools also participate in dual-credit class offerings from NDUS campuses.

- **Meetings and Training Programs** – State agencies and educators routinely use IVN for meetings, workshops, and seminars. State agencies have started purchasing videoconferencing systems to conduct business and steady growth is projected. Videoconferencing has shown to reduce departmental travel expenses while increasing office productivity.

- **Interstate Conferences and Non-Profit Organizations** – IVN has the capability to connect to a variety of videoconferencing delivery platforms and offers global connectivity services. Non-profit organizations and groups also use the network to conduct meetings and workshops.

Success Stories

The impact of IVN's videoconferencing expansion has already left lasting impressions for high school and college students, adult learners, and public sector employees across North Dakota.

- A Williston teacher taught high school and college Spanish to 30 high school students in Alexander, Wildrose, and Stanley.
- Place-bound health care providers in Grafton, Langdon, and Rugby are earning an AAS degree in practical nursing from Lake Region State College while remaining on the job, in their communities, and at home with their families.
- An NDSU Crop Marketing Economist taught an eight-session marketing program to students in Divide County, saving about 100 hours in travel time and approximately $1,900 in vehicle expenses, per diem, and lodging.

FOR MORE INFORMATION SEE *http://ndivn.nodak.edu* OR CONTACT:
***Jerry Rostad**, IVN Director*
701.231.7468 Jerry_Rostad@mail.und.nodak.edu

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Interactive Video Network (cont.)

twork Operations

IVN's responsibilities encompass scheduling, bridging, and endpoint support for K-12 schools, the North Dakota University System, the state's tribal colleges, and state and local government.

- **Technical Support** – IVN owns and maintains a cadre of university system classrooms and works closely with the state's Information and Technology Department and local coordinators to implement new videoconferencing units. IVN provides help desk and level II troubleshooting support for all certified and registered videoconferencing systems on STAGEnet. When necessary, IVN works collaboratively with the state's Information Technology Department to identify and correct network problems. IVN also collaborates with Edutech to provide on-site technical support for K-12 schools.

- **Scheduling and Bridging** – IVN uses a videoconferencing scheduling software package and three multipoint control unit (bridges) to schedule all multipoint events. The Network currently has the capacity of 108 connectivity ports across the three bridges. Pending software and hardware updates will soon double the bridge capacity.

- **Training and Communication** – IVN offers a broad range of training programs and communication materials for videoconferencing users. The curriculum ranges from technical button-pushing to scheduling training and faculty consultations. IVN also provides technical training leadership for Edutech staff and collaborates with them in the delivery of related materials to K-12 educators and administrators.

FOR MORE INFORMATION SEE *http://ndivn.nodak.edu* OR CONTACT:
Jerry Rostad, IVN Director
701.231.7468 Jerry_Rostad@mail.und.nodak.edu

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NORTH DAKOTA

Access - Technology

December 2002

On-Line Dakota Information Network (ODIN)

The On-Line Dakota Information Network (ODIN) provides a computer-based library catalog for the NDUS libraries and other North Dakota libraries. ODIN has been online since 1989. Currently, there are 67 libraries and branches that are ODIN members (see below). Additionally, ODIN is part of a regional network linking Minnesota and South Dakota.

ODIN Libraries & Branches (01/2002)	
NDUS Libraries	19
Private Colleges and Universities	2
Public Libraries	9
K-12 Schools	25
Hospital Libraries	7
Special Libraries and State Agencies	5

67

Expanded Services: Access to 4.2 million items provides an important service to students and others throughout the state. Significant ongoing usage of ODIN demonstrates its success and importance to students.

Collection sharing: The loaning of books between the NDUS libraries and other participating libraries is greatly enhanced because the single database can be searched in one efficient search. Books can be electronically ordered without re-typing any of the information about the book.

Enhanced Libraries: The book collections of the libraries can be searched even when the libraries are closed. On-line databases, often containing the complete text of magazine and journal articles, can be searched and read even when the libraries are closed. This greatly extends library services and hours.

EBooks: Starting in the summer of 2000 North Dakota, South Dakota and Minnesota cooperated to purchase and make available electronic books (eBooks) to the three state region. At the present time 6,900 titles are available in the "collection".

Ease of Searches: The ease of searching all ODIN libraries in a single search provides an effective way for libraries to purchase material without duplication. Each library can see what other libraries have, and in many cases, what the other libraries have ordered. A web browser public interface makes searching easy for the novice library user.

FOR MORE INFORMATION CONTACT:
Tony Stukel, ODIN Director
701.777.4777 Tony.Stukel@ndus.nodak.edu
www.ndus.nodak.edu

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ODIN (cont.)

Single Site: ODIN provides for the administration and operation of a single resource site to serve each NDUS campus. It is more cost effective than each campus purchasing and operating its own software and hardware. The software also allows each library to make its own rules regarding the loaning of books and other library functions. In the summer of 2001 ODIN began helping NDUS libraries implement electronic reserves software to support both on and off campus students. ODIN provides a single point of management for this service.

Joint Purchase: Since 1992, the ODIN libraries have jointly purchased and shared several databases describing magazine and journal articles. Since 1994, the ODIN libraries have made available online the full text of many of the articles in those same magazine and journal databases. These databases include articles in the areas of the Arts, Business, Education, General Interest, Humanities, International, Psychology, Social Sciences and Health. Starting in the summer of 2000 the offerings were expanded by seven additional databases and five newspapers, the Los Angeles Times, New York Times, Wall Street Journal, Washington Post and the Minneapolis Star Tribune were also added in 2000. The complete newspapers are available online, updated daily. The online versions of the newspapers go back approximately ten years.

Electric Library: As part of the state networking initiative ODIN negotiated a license to provide all ND libraries access to a collection called Electric Library. This collection has a large number of magazines, newspapers, maps, television and radio transcripts, photograph collections and other similar materials. Funding for the subscription to this service was provided by the North Dakota legislature.

ODIN Migration to New Software & Hardware: Since 1989, ODIN has used software called PALS (Project for Automated Library Services) which was developed by and is supported by the Minnesota State University System (MnSCU) at Mankato State University to provide online library services to North Dakota University System libraries and other North Dakota libraries. Due to a Minnesota statewide library initiative to select a single library system vendor for all of Minnesota, MnSCU has declared that development and support of the PALS software will be discontinued after June 2004. ODIN libraries have selected a library software company, Ex Libris, U.S.A. Inc. to replace the PALS software, and to provide the support needed to continue the existing library operations uninterrupted. The migration of ODIN libraries to the new system is expected to begin in January of 2003 and may take up to 18 months to complete.

Of the $1,290,000 proposed cost of the new library system, ODIN libraries are able to provide $900,000 and will be seeking an appropriation to cover the balance. The Minnesota libraries independently chose the same library system vendor (Ex Libris) and are already in the process of migrating to their new software. Recently the South Dakota Library Network (SDLN) chose Ex Libris as well.

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Tony Stukel, ODIN Director
701.777.4777 Tony.Stukel@ndus.nodak.edu
www.ndus.nodak.edu

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NORTH DAKOTA

Access Technology

December 2002

North Dakota University System Online

The North Dakota University System Online (NDUSO) is a system-wide collaboration of the eleven (11) colleges and universities of the NDUS for the delivery of collaborative courses, certificates, and programs. From the initial Associate in Arts degree in 2001, there are now 12 certificates, 8 two-year degrees, and 6 four-year programs. In addition, there are over 400 online courses. Enrollments have grown at the rate of 70 percent each year from 350 enrollments in 1997 with projected enrollments of over 9,000 in 2002-2003.

Through the collaboration of the eleven (11) campuses of the North Dakota University System, students can take courses from multiples campuses during the same semester, receive financial aid for all courses, have a single academic record, and receive a single bill.

The North Dakota University System Online provides access to educational opportunities for the citizens of North Dakota as well as to others across the world with access to the Internet.

The North Dakota University System Online has a website that provides complete information for perspective students. The address is: http://www.nduso.org

Additional information from the NDUS ACCESS search engine for all distance education programs and courses can be obtained at the following address:
http://www.access.ndus.edu/

FOR MORE INFORMATION CONTACT:
Robert Larson, Director, North Dakota University System Online
701.858.3186 Robert.L.Larson@ndus.nodak.edu
www.ndus.nodak.edu

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NORTH DAKOTA

Access - General

December 2002

Technology Occupations Student Loan Program

The 2001 North Dakota legislature appropriated $400,000 to the North Dakota University System (NDUS) for the purpose of administering a technology occupation student loan forgiveness program. The intent of this program is to reduce student loan indebtedness for individuals who have graduated in a technology related field, completed an internship with a business located in North Dakota, and been employed in a technology occupation in North Dakota for one year.

Funding recipients are eligible to receive $1,000 per year in continued loan forgiveness for each consecutive year they are employed in an approved technology occupation in North Dakota, up to a maximum of 5 years or $5,000. The Bank of North Dakota is responsible for applying loan forgiveness payments for funded recipients. Eligible recipients must have a student loan with the Bank of North Dakota. Individuals must apply or re-apply annually for new or continued funding.

- For academic year 2001-2002, a total of 109 applications were received. Of the 109 applicants, 63 met all the qualifications for the program and were funded.
- The average student loan indebtedness of funded applicants, as reported on their applications, was $9,445.
- The following is a breakdown, by program areas, of funded 2001-2002 applicants:

Program Areas of Funded Applications for 2001-2002	# of Applicants Funded
Agricultural Engineering	4
Biology, General	2
Business Computer Programming/Programmer	6
Business Systems Networking (LAN/WAN) and Telecommunications	5
Civil Engineering, General	3
Computer and Information Sciences, General	10
Management Information Systems and Business Data Processing Services, General	9
Manufacturing Engineering	1
Mechanical Engineering	4
Medical Laboratory Technician	2
Medical Radiologic Technology/Technician	9
Medical Technology	2
Respiratory Therapy Technician	3
Surgical/Operating Room Technician	2
Water Quality and Waste Management and Recycling Technology/Technician	1
TOTAL	63

FOR MORE INFORMATION CONTACT:
Peggy Wipf, Director of Financial Aid and Federal Relations Coordinator
701.328.4114 Peggy.Wipf@ndus.nodak.edu

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Technology Occupations (cont.)

- The following is a breakdown, by technology job occupations, of funded 2001-2002 applicants.

Technology Job Occupations of Funded Applicants for 2001-2002	# of Applicants Funded
Agricultural Engineers	3
Civil Engineers	3
Clinical Laboratory Technologists and Technicians	4
Computer Control Programmers and Operators	1
Computer Programmers	15
Computer Software Engineers	5
Computer Support Specialists	5
Computer Systems Analysts	1
Diagnostic Related Technologists and Technicians	10
Engineers	4
Forest and Conservation Technicians	1
Industrial Engineers, Including Health and Safety	1
Mechanical Engineering Technicians	1
Medical Scientists	1
Miscellaneous Computer Specialists	2
Network and Computer Systems Administrators	1
Respiratory Therapy Technicians	3
Surgical Technologists	2
TOTAL	**63**

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NORTH DAKOTA
UNIVERSITY SYSTEM ONLINE

Campuses of the North Dakota University System are accredited by

North Central Association (NCA)



The NDUSO is a collaboration of the eleven (11) campuses of the North Dakota University System. With agreements amongst the campuses, the following is possible:

- Take courses from multiple campuses during the same semester
- Receive financial aid for all of these courses
- Receive a single billing from your Home Campus
- Generate a single academic record from your Home Campus

Online Study includes courses, certificates, two-year, four-year, and graduate programs. (This page includes information about the available online programs in the North Dakota University System.

The Process

1. Take one or more of the online student self assessment surveys linked below. When you have completed the survey, return to this page by clicking on the BACK button on your browser.
   - Bismarck State College provides this self assessment.
   - Illinois Online Network provides this interactive self assessment.
2. Identify the technology needed to take an online course. Then, assess the technology you have with the minimum requirements. It is always good to have more than the indicated minimum.
3. Decide if you wish to take a single course or enroll in a program.
4. If you are already a student at a North Dakota institution, you can take a single course from another campus under the collaboration agreement.
5. If you are interested in a program, you should select the institution delivering the program as your Home Campus and apply for admission to that institution.
6. To make application for admission to a Home Campus, complete the following online Application for Admission.
7. To be assigned a Academic Advisor, complete the submit form.

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8. Familiarize yourself with additional online resources.

   - The online library for the NDUSO is the Online Dakota Information Network (ODIN). ODIN provides access into the libraries of all eleven (11) institutions of higher education as well as other private and public libraries in North Dakota. Once you have been accepted by your Home Campus, you will receive authorization which will give you full access to the libraries of the North Dakota University System.
   - A search engine for all distance educations programs and courses in the North Dakota University System is ACCESS.
   - Read the Frequently Asked Questions (FAQ).
   - Each campus has a designated distance education director. This individual will be the principal contact between you and your Home Campus. A list of those directors and campuses appears below:

BSC Lane Huber	Dickinson State University Marty Odermann-Gardner	Lake Region State College Grace Bruno	Minot State University Gary Hagen
Mark Timbrook	Bottineau Paula Berg	NDSCS Cindy Barton	NDSU Nancy Olson
UND Jim Shaeffer	VCSU Phyllis Wong	Neil Westergaard	NDUS NORTH DAKOTA UNIVERSITY SYSTEM Email for Additional Info

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NDUS Technology Pool
2003-05 Executive Recommendation

Total Technology Pool Base 2001-03		$ 26,938,419
Less IT items relating to K-12:		
Costs to connect IVN to all other state agencies (Non-NDUS)	(1,310,706)	
Costs to connect IVN to K-12 network (Non-NDUS)	(330,040)	(1,640,746)
Plus:		
Reallocation within base NDUS budget		844,432
2003-05 Hold-Even budget request		26,142,105
Adjustments to arrive at executive recommendation:		
Compensation and health insurance adjustments		(3,968)
2003-05 Executive Recommendation		$ 26,138,137

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North Dakota University System
Technology Pool
Total Technology Pool Allocations for the 2001-03 Biennium

		(1) 2001-03 Legislative Appropriation	(2)	(3) Total 2001-02 Allocation	(4) Approved 2002-03 Allocation	(5) Total 2001-03 Allocation	
	Base funding for HECN, IVN, ODIN and UND/NDSU Campus Computer Centers:						
1	UND Campus Computer Center (UND CC)	$ 2,758,551		$ 2,758,551		$ 2,758,551	UND
2	NDSU Campus Computer Center (NDSU ITS)	3,875,193		3,875,193		3,875,193	NDSU
3	UND Campus Computer Center/HECN North - Health Insurance Increases	66,789		66,789		66,789	UND
4	NDSU Campus Computer Center/HECN South - Health Insurance Increases	66,789		66,789		66,789	NDSU
5	HECN North	6,983,970		3,422,145	3,556,825	6,978,970	UND
6	HECN South	5,804,181		2,844,049	2,966,132	5,810,181	NDSU
7	IVN	2,077,054		1,017,756	1,057,298	2,075,054	UND
8	ODIN	593,398		290,765	301,633	592,398	UND
9	Total Base Funding		$ 22,225,925	14,342,037	7,883,888	22,225,925	
10	Internet I and II and network funding		1,200,000	576,000	624,000	1,200,000	50/50 UND/NDSU
11	Increased equipment lease costs from statewide networking plan		217,020	108,510	108,510	217,020	50/50 UND/NDSU
	Statewide Networking Plan:						
	ND Interactive Video Network (IVN):						
12	*System enhancements to IVN	$ 733,548		513,484	220,064	733,548	
13	*Costs to connect IVN to all other state agencies (Non-NDUS)	1,310,706		786,424	524,282	1,310,706	
14	*Costs to connect IVN to K-12 network (*Non-NDUS*)	330,040		330,040		330,040	
15	Total IVN Costs	2,374,294		1,629,948	744,346	2,374,294	UND
	Online Dakota Information Network (ODIN):						
16	*Expanded digital holdings and staff to manage them for all ODIN libraries	422,980		253,788	169,192	422,980	UND
	HECN South:						
17	*Staff, software and hardware to support online course management packages with the NDUS	-					
	NDUS Office:						
18	*Permanent funding of Distance Education Coordinator salary, operating and equip to facilitate development of distance delivery content	498,200		186,000	312,200	498,200	MiSU
19	Total additional costs resulting from the rollout of the Statewide Networking Plan		3,295,474	2,069,736	1,225,738	3,295,474	
20	Total Technology Pool Funded in 2001-03 Legislative Appropriation		$ 26,938,419	$ 17,096,283	$ 9,842,136	$ 26,938,419	
					UND	$ 15,979,546	
					NDSU	$ 10,466,673	$ 26,938,419
					MiSU	$ 498,200	

g:\cathy\excel\2003-05 Exec Recom\Technology pool\01-03 allocations

North Dakota University System
2003-05 Engrossed HB1003
Technology Pool

Total Technology Pool Base 2001-03		**$26,938,419**
Less IT items relating to K-12:		
Costs to connect IVN to all other state agencies (non-NDUS)	-$1,310,706	
Costs to connect IVN to K-12 network (non-NDUS)	-$330,040	
		-$1,640,746
Plus:		
Reallocation within base NDUS budget		$844,432
2003-05 Hold-Even Budget Request		**$26,142,105**
Adjustments:		
Compensation and health insurance adjustments		-$3,968
HB1003		**$26,138,137**
House Changes:		
Remove salary increase		-$2,989
Engrossed HB1003		**$26,135,148**

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LaCosta Rickford 9/30/03
Operator's Signature Date

January 16, 2003

Testimony before House Appropriations Committee
Education and Environment Sub-committee
Roughrider Room
Representative Bob Martinson, Chairman

House Bill 1003 - North Dakota University System's Professional Student Exchange Program

My name is Joe Cichy, and I am the Executive Director of the North Dakota Dental Association. The North Dakota Dental Association supports the professional student exchange program as it gives North Dakota students an opportunity to access a dental education as North Dakota does not have a dental school. This program gives North Dakota students an advantage when applying for admission to a WICHE school and provides them an opportunity that would not exist without the program.

The awareness of the Professional Student Excahnge Program has been raised through the cooperative work of the North Dakota Dental Association and the North Dakota University Systems office. The North Dakota Dental Association appreciates the four slots that have been provided in this present biennium and request that it remain at that level for the next biennium. This is a positive program for our students and gives them another avenue to access post graduate education at basically in state costs.

The North Dakota Dental Association also appreciates the work of the legislature and the North Dakota University System to address the dentist shortage in North Dakota. The number of North Dakota students in dental schools has increased and we are continuing to work to encourage them to return to their home state to practice. This program, by educating North Dakotans who are more likely to return to the state to practice, is one way to help provide dentists to care for our population.

The efforts of the legislature, and university system has heightened the awareness and appreciation of the dental PSEP. The NDDA asks for the legislature's continued support of this valuable program.

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9/30/03
Date

Exhibit #5
4th day

March 5, 2003

Testimony before the Senate Appropriations Committee
Harvest Room
Senator Ray Holmberg, Chairman

House Bill 1003 - North Dakota University System's Professional Student Exchange Program

My name is Ron Seeley, and I am the President of the North Dakota Dental Association. The North Dakota Dental Association supports the professional student exchange program as it gives North Dakota students an opportunity to access a dental education as North Dakota does not have a dental school. This program gives North Dakota students an advantage when applying for admission to a WICHE school and provides them an opportunity that would not exist without the program.

The awareness of the Professional Student Exchange Program has been raised through the cooperative work of the North Dakota Dental Association and the North Dakota University Systems office. The North Dakota Dental Association appreciates the four slots that have been provided in this present biennium and request that it remain at that level for the next biennium. This is a positive program for our students and gives them another avenue to access post graduate education at basically in-state costs.

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The efforts of the legislature, and university system has heightened the awareness and appreciation of the dental PSEP. The NDDA asks for the legislature's continued support of this valuable program.

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9/30/03
Date

HB 1003
~~SENATE~~ House APPROPRIATIONS COMMITTEE

Good Morning Chairman Martinson and members of the committee.

My name is Nancy Kopp.

I represent the North Dakota Optometric Association and the North Dakota Veterinary Medical Association and currently serve as executive for both groups.

We strongly support the portion of HB 1003 that provides the funding for the Professional Student Exchange Program.

The North Dakota students pursuing a career in Optometry or Veterinary Medicine are finding it increasingly more difficult to make ends meet, when they are entering into practices with a debt load in excess of $100,000 and a starting annual income of approximately $40,000.00 - $50,000.00.

While our state as a whole, may not be facing a severe shortage of optometrists or veterinarians, we are experiencing difficulty in recruiting practitioners in rural areas. In addition, for reasons unknown at this time, the schools nationwide are seeing fewer students applying for admittance, most likely due to the increasing costs of tuition.

Both associations on a state and national level do what they can to provide educational scholarships, and also find that the applicants by far outnumber the recipients.

It is unfortunate that our state cannot provide doctorate programs for optometry or veterinary medicine, but the Professional Student Exchange Program does provide some financial assistance and encouragement that there can be a bright future practicing in North Dakota.

I would ask for your favorable consideration and adoption of continued funding for the Professional Student Exchange Program.

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9/30/03
Date

Wade Moser
HB 1003

AVAILABILITY OF FOOD ANIMAL VETERINARIAN GRADUATES - (2) AH

WHEREAS, there is a significant shortfall in the number of food animal veterinarian graduates to service the livestock production areas of the United States; and

WHEREAS, livestock producers rely on their local veterinarians for guidance to insure food product safety, herd management and disease control; and

WHEREAS, animal welfare issues and the increasing public scrutiny of humane care and management of livestock is closely related to emergency veterinary attention; and

WHEREAS, the physical nature of the work as well as accrued indebtedness tends to divert many capable graduate veterinarians away from food animal practice; and

WHEREAS, the increased complexity of pharmaceutical and biological product use requires veterinarian supervision; and

WHEREAS, veterinarian practice can involve long travel distances and extended absence from their clinic in rural areas, a demand for multi-veterinarian staffed clinics is created.

THEREFORE BE IT RESOLVED, the NDSA encourage colleges of Veterinary Medicine to vigorously pursue recruiting and training students with the aptitude and desire to fill the increasing void of food animal veterinarians.

BE IT FURTHER RESOLVED, that even though NDSA recognizes the importance of scholastic excellence, it also recommends an attempt be made to identify a process of recruitment that selects individuals with skills and physical capabilities in addition to academics.

PROFESSIONAL STUDENT EXCHANGE PROGRAM - 2 (AH)

WHEREAS, the Professional Student Exchange Program is dependent on the Board of Higher Education for funding; and

WHEREAS, there continues to be more students applying for veterinary school loans with less funding available.

THEREFORE BE IT RESOLVED, the NDSA supports the Professional Student Exchange (PSE) program and encourages the Board of Higher Education to continue its support with adequate funding or consider an alternate program of equal benefit.

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9/30/03
Date

North Dakota Experimental Program to Stimulate Competitive Research



BACCALAUREATE UNIVERSITIES LIBERAL ARTS COLLEGES

TRIBAL COLLEGES RESEARCH - INTENSIVE UNIVERSITIES

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Why is EPSCoR Important?



"Our continual pursuit of new knowledge is a powerful tool for bringing people together toward the common goal of solving problems and building a world of peace and prosperity."

Dr. Rita R. Colwell
Director
National Science Foundation
Address at the 54th Annual Meeting of the Board of Governors
November 11, 2002

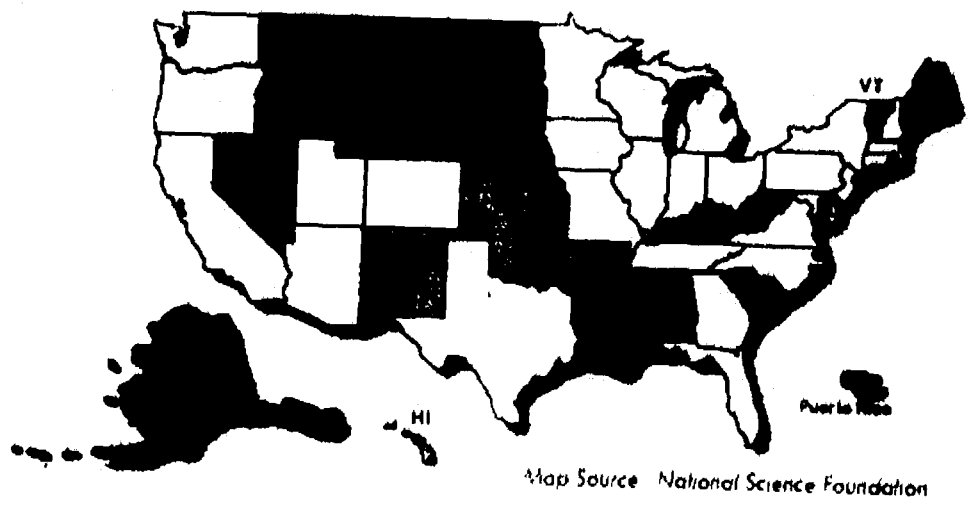
Development of Need for a National Academic Research Enterprise

Federal R & D funds were concentrated in a small number of institutions and states that were postured to capitalize on dramatic post-WW II growth in academic research.

Concentration of federal R & D funds was exacerbated by a national science policy that focused resources on existing centers of excellence.

The EPSCoR Program promotes a more equitable distribution of federal research grant funds to the states indicated in blue on the map.

EPSCoR States



Map Source National Science Foundation

The EPSCoR Promise

The EPSCoR promise is to diversify the nation's scientific enterprise and assure that states and residents in all parts of the country benefit from an active and competitive research and development base; these benefits include:

Access to high-quality education

Front-line research

Expanded economic opportunities

Improved quality of life

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EPSCoR in North Dakota

ND EPSCoR's Strategy for Developing a Sustainable, Nationally Competitive Science & Technology Enterprise

Develop and expand research infrastructure

Develop and expand capabilities for science, engineering, and mathematics research for faculty and students

Facilitate technology transfer and commercialization

ND EPSCoR Programs

Infrastructure Improvement

Faculty expertise/funding opportunities database

State-of-the-art instrumentation

Advanced education and training of over 500 graduate students

Critical role in hiring 96 new faculty, including those who were initially supported by EPSCoR funds as students

Cooperative research and research education activities among ND baccalaureate universities, tribal colleges, and research-intensive universities

Pivotal support to initiate projects with high potential for external funding in a broad range of science and technology disciplines, including agriculture, bioremediation, material science, energy, and medicine

Science Outreach and Recruitment

Affords undergraduate students "hands-on" research experience that makes them more job ready and competitive for positions after graduation. Over 600 students from 50 ND counties have participated.

Allows faculty at four-year institutions to obtain research experience from research collaborations and to lead student-centered projects at their home campuses.

Supports science and mathematics curriculum at ND's tribal colleges.

EPSCoR Partners

North Dakota EPSCoR

NASA

USDA

63 Businesses in 28 Cities

Belcourt	Kindred
Bismarck	Leeds
Carrington	Maddock
Cooperstown	Mayville
Dickinson	McCanna
Dunseith	Minot
Emerado	New Rockford
Fargo	Portland
Fort Totten	Rolla
Grafton	Rugby
Grand Forks	Wahpeton
Hatton	Watertown
Jamestown	West Fargo
Killdeer	Williston



Dr. G. Padmanabhan with tribal college faculty and students during a workshop at Turtle Mountain Community College

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Technology Transfer

Students in Technology Transfer and Research

Through the Students in Technology Transfer and Research (STTAR) Program, students work on technology-based projects for ND companies. Over 180 students have worked with 65 companies in 30 communities on problems such as the following:

Ground position systems (GPS) development for agricultural production. Ag Advantage, Grand Forks

Design assistance with just-in-time continuous manufacturing assembly line. Alloway Industries, Fargo

Analyze waste factors, improve processing, and modernize packaging. Dakota Growers Pasta, Carrington



Carrie Osland, STTAR Student

Develop client administration database and application programs. ComMark, Inc., Mayville



"STTAR students come from college with up-to-date skills which are crucial to our satellite imagery business. They take the pressure off me and helped us become a successful company in our initial year of operation."

Lanny Faleide
Co-owner AgriImiGIS,
Maddock, ND



"The students we've employed through STTAR are a contributing factor to our success."

David Hagert
President, Agridata, Inc.
Grand Forks, ND

Faculty in Technology Transfer

Through the Faculty in Technology Transfer Program, faculty collaborate with ND businesses to solve intensive high-technology problems.

Dr. Selmer Moen (Minot State University) assisted Killdeer Mountain Manufacturing with the development of aircraft test flight circuit boards.



Dr. Cliff Staples (UND) conducted a census of businesses to determine plans and responses to the flood disaster--providing critical information for tracking the recovery effort.



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Commercialization

Phase 0 Technology Research Into Commercialization

North Dakota University System researchers assess the commercial feasibility of research projects. The program is called Phase 0 because it provides seed money leading to a Phase I Small Business Innovative Research (SBIR) proposal.

Technology Transfer and Commercialization Programs Stimulate New High Technology Businesses



Michael Chambers is CEO of Aldevron, a highly successful biotechnology company located in Fargo. One of his contracts has beeen to produce vaccines that prevent the West Nile virus. ND EPSCoR supported Michael's introduction to DNA immunization research through the Advanced Undergraduate Research Awards (AURA) program. He continued work on the potential uses of DNA vaccines with ND EPSCoR Commercialization Seed Funds and subsequently established his company. Michael's spouse, Victoria, also has a B.S. in Biotechnology and works with him in Business Development.



Dr Greg Gillispie, Professor of Chemistry, used ND EPSCoR funds to assemble advanced laser equipment and to support graduate students and postdoctoral researchers. This funding allowed him to conduct research in new areas, particularly the real-time measurement of chemical information via laser-induced fluorescence. Gillispie and his former graduate student, Randy St. Germain, established Dakota Technologies, Inc. (DTI), in 1993, to accelerate commercialization of the laser technology. DTI's workforce continues to grow because of the significant increase in the number of contracts they attract related to health preservation and homeland security.

Technology Transfer Advisory Council

Lanny Faleide
Co-Owner
AgriImaGIS, Maddock

Dr. Dana Grow
R&D Director
Sioux Manufacturing Corporation, Fort Totten

Victoria Chambers
Business Development
Aldevron, LLC, Fargo

Dr. Clint Kopp
President
Triple I, Bismarck

Dr. Gregory McCarthy
Assoc. V.P. for Research Creative Activities, and Technology Transfer; Professor of Chemistry, NDSU, Fargo

Dr. William Gosnold
Interim Director
Office of Research and Program Development; Professor of Geology, UND, Grand Forks

"Our technology affects life. If you do a better job at finding pollution in the environment so it can be cleaned up faster, that makes people healthier. If you prevent a terrorist attack or find it quicker, then that helps health. The development of candidate drugs, that helps health. The applications of these technologies to DNA analysis or genetic testing, that helps health. So what we do really has connection with life."

Dr Gregory Gillispie, CEO
Dakota Technologies, Inc.
Fargo

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Progress Through News

Overview of Successes

Increased publication rate

Increased grant proposal submissions

Increased success rate for individual principal investigator awards

Highlights of Recent Accomplishments by ND Researchers

Total NSF funding to North Dakota increased 307% between 1990-98, which was second highest in the nation.

Total number of competitive NSF awards increased 71.4% between 1990-98, which was second highest in the nation.

Average funding rate for competitive NSF proposals increased 26.5% between 1989-93, which was second highest in the nation.

An unprecedented 12 NSF CAREER Awards were received by EPSCoR-supported principal investigators since 1998

Received a $6 million NIH award to fund the North Dakota Biomedical Research Infrastructure Network (BRIN) project, which funds health-related research activities across the NDUS and Tribal College Institutions.



Marie Cloud examines a river water sample

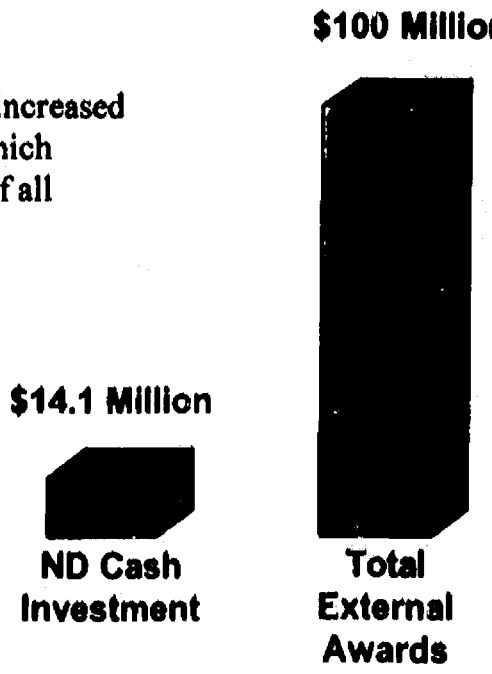
Health and Water Concerns Lead to Science Career for Sitting Bull College Student

What began for Marie Cloud as a research project for a college science course became a career opportunity and a chance to greatly improve her community's drinking water. An enrolled member of the Lakota Sioux Tribe and mother of five, she lives in Bullhead, S.D., and attends Sitting Bull College in Ft. Yates.

North Dakota's Return on Investment

The state's per capita ranking in NSF increased from 52nd in 1986 to 27th in 2000, which represents the greatest improvement of all EPSCoR states ranked in 1986.

The state's overall investment of $14.1M has resulted in over $100M in external awards to EPSCoR-supported researchers.



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EPSCoR

Economic Impact of Academic Research

Academic research has lasting, profound effects on the economy of North Dakota:

Enhanced capabilities of existing businesses

Facilitated establishment of new businesses

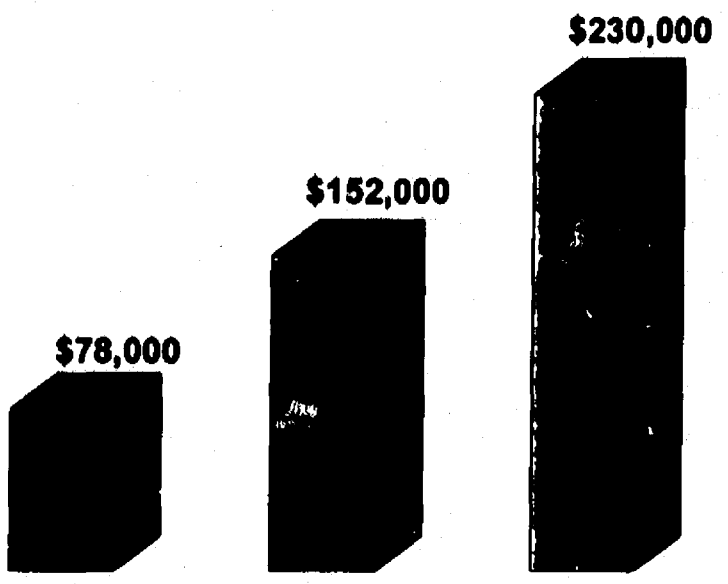
Expanded economic growth from an increased academic enterprise

Over $100M in new federal research money for ND since 1986

Over $230M total impact on the ND economy (multiplier is 2.3)

Over $16.7M in ND tax revenues

Economic Impact of a Typical $100K Research Grant



Source: Economic Impact Report of the EPSCoR Grant Program, April 2000, F. Larry Leistritz, PhD, Department of Agribusiness & Applied Economics, North Dakota State University.

Research that Benefits North Dakota

Biological and Health Sciences
- bioremediation
- food safety
- neurodegenerative diseases
- cancer
- ecology/biodiversity
- regulatory biosciences
- genomics
- infectious animal diseases

Chemical and Material Sciences
- polymers
- ceramics
- pharmaceuticals
- semiconductors
- optical materials
- environmental chemistry
- computational chemistry
- medicinal chemistry

Computer and Information Science and Engineering
- computer networking
- computer-human interfaces
- visualization and image processing
- robotics
- database systems
- computer security
- advanced high-speed computing
- virtual learning environments

Engineering and Earth Sciences
- electrical power
- nanoscale technology
- global climate change
- turbine engine design
- air emission pollutant removal

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The Future of EPSCoR

Benefits of Research to North Dakota

The benefits of research have been widely recognized; research generates new ideas that lead to the following:

Updated learning materials that contribute to increased job readiness of students and generally enhanced scientific literacy

Solving of problems encountered by citizens and businesses through technology transfer

Commercialization of products

Next generation of scientists who will generate new research and continue to attract federal research dollars

Building and diversifying of North Dakota's economy through ND EPSCoR's programming, which increases the number of scientists and engineers and the expansion of research facilities

EPSCoR is Leading ND into the "New Economy"

ND EPSCoR is leading the development of a sustainable, locally responsive, and nationally competitive research enterprise for the state. The scientific discoveries and technological developments of such an enterprise will contribute to the economic diversity and vitality of North Dakota.

Contact Information

North Dakota State University

Mark A. Sheridan, Ph.D.
James A. Meier Professor
ND EPSCoR Project Director
1735 NDSU Research Park Drive
Fargo, ND 58105-5760
Tel 701.231.8400
Fax 701.231.7947

University of North Dakota

Twamley Hall 415
PO Box 7093, UND
Grand Forks, ND 58202
Tel 701.777.2492
Fax 701.777.2511

www.ndsu.nodak.edu/epscor

ND EPSCoR is a North Dakota University System program open to all NDUS faculty and students.

NORTH DAKOTA
UNIVERSITY SYSTEM

The Vital Link to a Brighter Future

ND EPSCoR State Steering Committee Members

Dr. Roger Melvold, Interim Chair

Dr. Mark Sheridan, Project Director

Dr. Peter Alfonso

Dr. Philip Boudjouk

Dr. Dogan Comez

Dr. Albert Fivizanni

Dr. John Hershberger

Dr. Wayne Reitz

Dr. John Wagner

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9/30/03
Date

North Dakota University System
EPSCoR and Centers of Excellence

EPSCoR/Competitive Research - line 15		$4,000,000
System Initiatives - line 21		$5,000,000
Centers of Excellence	* $3,000,000	
Student Internships	$2,000,000	
HB1003		**$9,000,000**

House Changes:	
Increase funding for EPSCoR/Competitive Research Program - line 20 from $4.0 to $5.0 million	$1,000,000
Remove all funding for student internships ($1.0 million transferred to HB1019)	-$2,000,000
Reduce funding for Centers of Excellence from $3.0 to $2.0 million	-$1,000,000
Engrossed HB1003	**$7,000,000**

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* should be 5 million

27

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Centers of Excellence

North Dakota ***Centers of Excellence*** have strong competence regionally, nationally or internationally in a specialized area with strong outreach to a user community and is linked to a strong economic environment through university research & development, commercialization and entrepreneurship.

North Dakota *Centers of Excellence* are charged with several or all of the following responsibilities:

1.) Develop and engage strategies for science and technology research & development, commercialization, entrepreneurship, infrastructure and activities within North Dakota to develop innovative approaches that expand North Dakota's gross state product.
2.) Assist efforts to attract private and federal assistance for research & development and commercialization in growth clusters most likely to increase North Dakota's gross state product.
3.) Increase collaboration among federal, state, and private research & development and technology commercialization organizations in the state.
4.) Strengthen the leadership and support of the North Dakota EPSCoR program and encourage partnerships with other state instituitions for expanded efforts to stimulate economic growth in North Dakota's identified industry clusters.
    Industry Clusters:
    *Advanced Manufacturing *Energy *Information Technology
    *Aerospace *Tourism *Value-added Agriculture
5.) Provide leadership in science & technology policy, regionally, nationally and internationally.
6.) Demonstrated efforts with creating employment opportunities for North Dakota University System graduates.

Eligibility for State Grant Funds:

1.) Funds must be used to enhance capacity, infrastructure and leverage federal, state & private sources of funding.
2.) State funds may not be used for operations or academic instruction
3.) State funds may be granted to research universities, university related foundations and public institutions located within the state that demonstrate the potential to deliver expertise and service to high technology growth clusters which will contribute to North Dakota's gross state product.
4.) Any public higher education institition or non-profit university related foundation receiving state funding must demonstrate within four years the following:
    *Two to one match on state funds
    *Annual reports describing expenditures and partnerships with industry
    *State funds are not eligible for indirect cost recovery
5.) The North Dakota Department of Commerce foundation board shall seek input from the North Dakota Board for Higher Education and establish eligibility criteria for any new ***Center of Excellence*** by December 31, 2003.
6.) Any ***Center of Excellence*** interested in seeking grant funding requests for the 2005/2007 bienium must be approved by the North Dakota Deprtment of Commerce foundation board by June 30, 2004.

North Dakota Centers of Excellence as defined by the 58th Legislative Assembly:

Department of Commerce
1.) Center for Beef Systems-North Dakota State University
2.) Center for Nanoscale Science & Engineering-North Dakota State University
3.) Centers for Entrepreneurship and Innovation
    *Center for Innovation-UND
    *Center for Technology Enterprise-NDSU Research & Technology Park
4.) John D. Odegard Center for Aerospace Sciences-UND
5.) Center for High Performance Computing-NDSU

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CENTERS OF EXCELLENCE

Centers for Excellence	Bill No.	Agency	General Fund Appropriation	Development Fund	Additional Information
UND Center Aerospace Sciences	1003	Higher Education	$1,194,000	$0	Multimedia Technology
UND Center Aerospace Sciences	1003	Higher Education	$206,000	$0	Expanded air service enterprise-Upper Great Plains Air Taxi service (relates to federal fund match).
Future Centers of Excellence	1003	Higher Education	$500,000	$0	Pooled funds available, by application, for additional Centers.
NDSU Center for Nanoscale Science and Engineering	1019	Higher Education (Commerce bill)	$0	$0	Will not be requesting funds. HCR 3031 encourages NDSU to establish a Center for Nanotechnology research.
NDSU Center for High Performance Computing	1019	Higher Education (Commerce bill)	$0	$0	Will not be requesting funds.
NDSU Center for Beef Systems	1021	Ag. Research	$1,000,000	$0	SB 2334 provides substantitive language.
UND Center for Innovation	1019	Commerce	$0	$1,000,000	Building-4 years to provide matching funds.
NDSU Center for Tech Enterprise	1019	Commerce	$0	$1,500,000	Building-4 years to provide matching funds.
TOTAL			**$2,900,000**	**$2,500,000**	

F:Commerce Centers

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As a result, the North Dakota University System has the flexibility to be truly entrepreneurial. The Board of Higher Education can allocate resources among the campuses on the bases of peer group comparison, program merit, and innovation.

Job Creation and Career Development

Excellence in Education – through strong support for K-12 education and full implementation of the Higher Education Roundtable – is vital for Smart Growth.

But we must further tie our economic development efforts with education to create high-quality job opportunities.

We will do that through programs that create new venture capital, enhance career development, market our state more aggressively, and continue the development of our statewide technology infrastructure.

New enterprises require investment capital. To fuel these new enterprises, we propose creating three new venture capital funds.

First, is the Centers of Excellence Fund. We are committing $5 million to the North Dakota University System in a fund to further develop the Centers of Excellence on our campuses.

Centers of Excellence bring expertise, quality instruction, research and scholarly activity to the task of enhancing our state's economic vitality.

This fund will be administered by the Board of Higher Education and used to leverage other monies from the federal government and the private sector.

Centers of Excellence – like the North Dakota State University Technology Park, UND's Aerospace program, and Bismarck State College's Power Plant Training program – create opportunities for our young people and economic growth for our state.

Let's consider one possible project as an example of how the fund will work.

NDSU has proposed developing a $3 million incubator for the Technology Park.

The university could apply $750,000 from the Centers of Excellence Fund to match $750,000 in federal grant money, and then pursue a fund-raising drive for the remaining $1.5 million needed.

System-wide, the Centers of Excellence Fund can leverage these kinds of projects. Five million dollars in the Centers of Excellence Fund can grow to $20 million in new ventures. These new ventures will stimulate quality job creation and provide exciting new educational opportunities for our students at all 11 campuses across our state

Once again, we are doing things differently for greater results.

Across our state, at our 11 campuses, the Centers of Excellence Fund will seed, nurture - and harvest new ideas to build our future in North Dakota.

Our second venture capital fund is the New Venture Fund. Together, with the private sector and the federal Small Business Administration, our Commerce Department will set up a $10 million fund for new ventures, and expansions of existing ventures to help North Dakota entrepreneurs.

The New Venture Fund will also include $3 million in technical assistance funding to help these businesses succeed.

Combined with our existing North Dakota Development Fund, the New Venture Fund will provide significant resources for our businesses and entrepreneurs.

Third, we need to support new ideas. We need to support entrepreneurs who have new concepts, to help them get their projects off the ground.

To do that, we propose creating a $1 million Seed Capital Fund. The North Dakota Seed Capital Fund will help to turn great ideas into great businesses by providing resources at the very earliest stages in the creation of a new business.

Both the North Dakota Seed Capital Fund and the New Venture Capital Fund will be administered by the Department of Commerce.

These new sources of venture capital will help create quality job opportunities in our state, but at the same time, we must better link our young people with these new opportunities. To do that effectively, we must enhance our career development efforts.

Source: Gov. Hoeven's Budget Message
2003-05

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Centers of Excellence

Based on the principle that no institution can do everything, certainly no institution can do everything well.

UND

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Celeste Rickford
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Centers Of Excellence In Research

Centers of Excellence in Research are focused areas of excellence based on existing nationally recognized strengths.

For emerging Centers of Excellence in Research:
Potential to achieve excellence in areas important to North Dakota.

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A Few Examples of Centers of Research Excellence at the University of North Dakota

	Partners	Annual External $
Energy & Environmental Research –Biomass –Wind –Lignite Coal	US DOE, 719 private companies and other clients	$20 million
Neurosciences/Medicine	NIH	$20 million
Human Nutrition	ARS Human Nutrition Laboratory, NDSU	$8 million
Center for Rural Health	ND Dept of Health, Tribal Governments/Indian Health Service	$3 million
Aerospace (UMAC)	NASA +	$3.8 million
Regional Weather Information Center	NOAA + private companies	$1.6 million

UND

Examples of Centers of Excellence in Areas Other Than Research at the University of North Dakota

	Partners	Annual External $
American Indian Programs	Tribes, Indian Health Service	$10 million
Aviation/Air Traffic Control	FAA, Norway	$25 million
Experiential Education (Internships)	Business, Government	$NA
E-Business/E-Government	Social Security Adm., US Postal Services, Americorps	$1.7 million
Center for Innovation	New Companies, SBA	$500,000/yr $3 million endowment

UND

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Funding for Centers of Excellence:
To <u>build</u> on and <u>sustain</u> excellence.

<u>One Idea</u>

Provide $750,000 to support an endowed chair –

Require match = $1.5 million endowment

Provides $60-75,000/year to support chair-holder.

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Red River Valley

Research Corridor

UND

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Tell Me And I Hear, But Later Forget

Show Me, I Remember

Involve Me And I Understand

-Adapted from a Chinese Proverb

UND

Exhibit #2
3-24
Day

EXAMPLES OF CENTERS OF EXCELLENCE IN RESEARCH AT THE UNIVERSITY OF NORTH DAKOTA

Energy and Environmental Research
Neurosciences/Medicine
Human Nutrition
Center for Rural Health
Aerospace (UMAC)
Regional Weather Information Center

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LaCosta Rickford 9/30/03
Operator's Signature Date

University of North Dakota
Center of Excellence in Neuroscience

I. Case Statement

The need to find ways to reduce the impact of Parkinson's disease and Alzheimer's disease is clear. Our Center of Excellence in the Neurosciences studies the basis of these diseases and the basis of such other important problems as drug-addiction and alcoholism.

II. Existing Resources

Since its creation, the Center of Excellence in Neuroscience has received $7 million in grant support and this funding may increase to $11 million by July 1, 2003. In addition, the School of Medicine has received a $10.3 million COBRE grant for the study of pathophysiology of neurodegenerative disorders and submitted a second COBRE grant proposal for the study of cancer, biomarkers and environmental agents ($10,665,441).

III. Needed Support

Equipment for a microarray laboratory ($1,083,700). The School of Medicine and Health Sciences has obtained financial support and created the first microPET and Cyclotron for the State of North Dakota, has obtained financial support and created a mass spectrometry-related research program, and has submitted a proposal to the National Center for Research Resources for $500,000 to acquire proteomic technologies. The acquisition of a microarray will facilitate application of DNA microarray technologies to identify novel biomarkers for neurological disorders, cancer, cardiovascular diseases, and alcohol-induced prenatal injuries causing preventable mental retardation. The equipment will enable the Center to qualify for the following programs:

Fetal Alcohol Syndrome – NIMH, $10 million
Morris Udall Center of Excellence in Parkinson's Disease –
NINDS and NIEHS, $7.5 million

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LaCosta Rickford 9/30/03
Operator's Signature Date

University of North Dakota
Center of Excellence in Functional Food Research and Market Development

I. Case Statement

Consumer demand for functional foods (foods with special health benefits) is growing dramatically both nationally and internationally. North Dakota, with its diversified agriculture and emerging food industry, is a world leader in the production of many foods known or proposed to have functional benefits to humans (buckwheat, select varieties of wheat, edible beans, flax, others). Yet, there is no coordinated effort to research these qualities and translate these findings into useful consumer products. A structure that would leverage existing UND strengths to fill this gap would yield benefits to consumers while creating new business opportunities for the North Dakota food industry and new markets for North Dakota agriculture.

II. Existing Resources

UND has substantial and unique strategic assets that can be leveraged to this end. These include supportive relationships with food processors and commodity groups, close collaborative relationships with the USDA Grand Forks Human Nutrition Research Center (GFHNRC) and, through the latter, collaborations with the NDSU Value Added Food Processing Center. In fact, these collaborations are now being aligned to facilitate the investment in research to produce valid data of the health benefits of North Dakota products (e.g., Northarvest Bean Growers Assoc. and others), providing the foundations for the *North Dakota Diet* initiative now underway.

III. Needed Support

A one-time appropriation of $750,000 to $1 million with a required match would create an endowment income-stream to support dedicated staff support. The same outcome could be achieved by a base appropriation of $50-60,000.

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University of North Dakota
Center of Excellence in Rural Health

I. Case Statement

Access to quality health care is essential to the viability of rural communities in North Dakota. Research indicates that health services are a determining factor when businesses make relocation decisions and when senior citizens choose places of residence. Consequently, health care infrastructure is vital to both the health of rural populations as well as the economic health of rural communities. However, North Dakota faces serious challenges in maintaining and strengthening health services, given its sparse population coupled with a high proportion of elderly. Approximately 2/3 of North Dakota counties are frontier, with fewer than six persons per square mile, and the same number of counties are designated as Health Professional Shortage Areas, suffering from an inadequate supply of health care providers. Some essential services in North Dakota, such as emergency medical services, rely heavily on volunteers. The expertise of the Center for Rural Health has grown rapidly and now provides a focal point in the state to address these and other challenges.

II. Existing Resources

The Center's current portfolio contains work underway focusing on rural aging issues, Medicare payment policy, rural health workforce research and planning, Native American elder health, rural health professions training, and emergency medical services. The Center is recognized by national organizations and the federal government as a leader in rural health and rural community development—one of the best in the nation. It has influenced the efforts of states across the country by developing innovative models for community development and local health system reform. The national reputation of the Center is acknowledged through federal support of the National Resource Center on Native American Aging which provides technical assistance and research to over 100 American Indian tribes across the nation. Also, the U.S. Department of Health and Human Services recently designated the Center as the nation's information clearinghouse for rural health and human services. Center staff serve in leadership positions in national health and rural health organizations. Capitalizing on limited resources, the Center has established itself and North Dakota as a premier resource on rural health research, policy analysis and health service delivery.

III. Needed Support

The Center for Rural Health employs 25 personnel (both part and full-time) and provides applied educational opportunities for graduate research assistants from various educational programs. Center positions are primarily funded through foundation and federal grants. The Center's budget for calendar year 2002 was $3,000,000. The Center could achieve the status of excellence with a $1 million endowed chair, half of which could be matched over three to four years by the Center and its parent organization, the School of Medicine and Health Sciences.

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LaCosta Rickford 9/20/03
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University of North Dakota
A Cluster of Centers of Excellence in Energy and Environmental Research

I. Case Statement

The commercialization of innovative energy-use and environmental-protection technologies is essential to job creation, new wealth, and economic prosperity. Through its ten Centers of Excellence (see attachment), the EERC is clearly committed to aggressively moving technologies out of the laboratory and into the marketplace, furthering economic development in North Dakota and the Upper Midwest region and beyond. Each of these Centers of Excellence is nationally recognized, and many are internationally renowned. All have become vitally important to North Dakota and the region by drawing more opportunities for research, manufacturing, and the evolution of new jobs.

II. Existing Resources

As a research, development, demonstration, and commercialization facility based at the University of North Dakota (UND), the EERC is recognized for solving critical energy and environmental problems and improving the global quality of life for all people. Operating as a business within UND, the EERC has great flexibility to quickly craft teams and provide timely technical answers to meet customer needs. Since 1983, the EERC has established working relationships with more than 700 clients in 50 states and 47 countries.

Known for its ability to leverage government research dollars, the EERC has forged partnerships with private business and industry to further enhance those dollars. The EERC had contract revenues of $20 million in FY02, and 84% of its 233 active contracts were with nonfederal clients. Salaries and benefits total $10.4 million and total expenditures approximately $20 million, providing a total estimated regional impact of more than $70 million. The EERC currently employs more than 250 people in more than 70 different disciplines, including numerous high-end technical fields. The work of these highly motivated and experienced professionals and technicians is critical to the global success of the EERC Centers of Excellence.

Also critical to that success are numerous EERC laboratories that house some of the most advanced, cutting-edge equipment and instrumentation in the world. Among the many facilities include the Fuels and Combustion Laboratory, the Slurry Development Facility, the Fuels and Materials Research Laboratory, the Particulate Research Laboratory, the Natural Materials Analytical Research Laboratory, the Environmental Microbiology Laboratory, the Remediation Research Laboratory, the Mercury Research Laboratory, and the Gas Chromatography/Mass Spectrometry Laboratory.

III. Needed Support

While the EERC's Centers of Excellence are constantly evolving to meet current energy and environmental needs, to do so requires continual upgrading of research equipment. To help it remain competitive and continue building valuable, private sector working partnerships, the EERC proposes that the State of North Dakota designate $1 million per year to support the equipment needs of these ten Centers of Excellence. Each of these centers has the potential to be the cornerstone for new spin-off companies and technologies, like the recent EERC-invented Advanced Hybrid™ Filter, a patented pollution control technology with a potential $5 billion annual worldwide market.

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THE ENERGY & ENVIRONMENTAL RESEARCH CENTER'S TEN CENTERS OF EXCELLENCE

The **Center for Air Toxic Metals** (CATM) performs cooperative research directed toward minimizing the impact of mercury and other air toxic metals on the environment, both in the United States and globally. Established 9 years ago, CATM has leveraged $11 million of directed funding from the U.S. Environmental Protection Agency into over $54 million in cofunded and related projects through partnerships with other agencies and private industry. CATM has been instrumental in identifying the issues of mercury measurement and mercury control that are critical to North Dakota's $1.5 billion lignite-fired energy industry, which employs more than 19,500 people. Through CATM efforts, the EERC is leading a series of full-scale programs (expected total over $7 million) with North Dakota utilities to demonstrate new mercury control technologies.

The **Emission Control Technologies Center** is an internationally recognized program contributing groundbreaking work in the development of clean air technologies, air toxics, and fine particulate matter, including research ranging from fundamental studies to the launch of specific technologies that offer solutions to meet clean air requirements well into the 21st century. The EERC has major ongoing research projects involving the control of acid gases, including NO_x and SO_x, as well as metal emissions.

The EERC is also developing effective mercury control options through its **Mercury Analysis, Monitoring, and Control Center** and setting global standards in mercury measurement and analysis. The EERC was behind a new testing standard approved last year for testing mercury in flue gas generated in coal-fired power plants and is at the forefront in the development of tools that measure mercury emissions on a near-real-time basis. On another level, the EERC has been involved in human consumption studies to determine the level of mercury in fish-eating populations in the region and has recently initiated collaborative studies to determine the role of the trace element selenium in offsetting mercury's toxic effects on humans.

As the world's leading research and development center for low-rank coals and, arguably, the leading center for all ranks of coal, the EERC manages numerous programs within the **Coal Utilization Technologies Center**. The EERC has been involved in research and development of clean coal technology for over 50 years, pursuing a scientific understanding of the physical, chemical, and mineralogical nature of coal as the foundation for predictively engineering coal conversion technologies and power systems. The EERC pioneered research on liquefaction of low-rank coal and it continues to advance gasification technologies and combined-cycle systems. In addition, it is developing new tools to help the energy industry more effectively operate its existing fleet of coal-based power plants.

For the past 15 years, the **Coal Ash Resources Research Consortium** (CARRC) has focused on developing, demonstrating, and commercializing environmentally friendly uses of combustion by-products, such as the use of fly ash in road construction and soil stabilization and to strengthen building materials and aluminum car parts. More recently, the EERC has found a unique way to help farmers and ranchers improve the health and safety of their livestock using coal ash to stabilize soils in feedlots.

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The **Center for Biomass Utilization** has been leading the nation over the past 4 years in developing new ways to make use of agricultural resources and waste products in energy production and for value-added products. It has leveraged nearly $3 million of directed funding into over $14 million in research, development, and demonstration projects that include biomass–coal cofiring, biomass combustion and gasification, and utilization of biomass in district heat and energy sources. The ability to produce higher-value products and/or utilize wastes for products will lead to a significant economic impact to the agricultural industry.

The **National Alternative Fuels Laboratory** (NAFL) has been working for the past 14 years developing essential technologies to produce economical fuels and chemicals from renewable agricultural resources. The production of fuels from agricultural products is paramount to the national security of the United States and is a value-added opportunity for North Dakota agriculture producers. The NAFL has leveraged nearly $2.8 million of directed funding into over $6 million in projects aimed at the development of ethanol- and biodiesel-blended gasoline and diesel fuels and the determination of fuel use effects on health and the environment. NAFL was instrumental in the first successful development and certification of an environmentally friendly ethanol fuel for use in the aviation industry.

The **Water Management Center** comprises several programs aimed at providing technical answers to water resource issues in the northern Great Plains, especially the Red River Basin, which is among the most disaster-prone regions in the United States, according to the Federal Emergency Management Agency. The Red River Water Management Consortium (RRWMC) has been the cornerstone of this effort. The wise stewardship of water resources, both in times of flooding and in drought, is key to a strong economy and healthy environment in the future. This organization of major stakeholders in the Red River of the North Basin seeks to provide an innovative, cost-effective, and environmentally friendly basinwide tool for both flood and drought mitigation.

Understanding the chemistry of water and carbon dioxide under supercritical conditions, the **Supercritical Extraction and Subcritical Extraction Technologies Center** has been breaking ground for the past 18 years and has generated more than $18 million in contract revenue. At the same time, its researchers have led the world in extracting toxic chemicals from water and soil. The EERC designed and constructed a dual-phase extraction (DPE) and treatment system that has been successfully used to clean up petroleum contamination in North Dakota. DPE represents one of the most efficient technologies currently available to the remediation industry.

The Plains Organization for Wind Energy Resources (POWER) is the key program within the **Wind Energy Resources Center**. POWER is leading the nation in the assessment, database generation, and development of wind resources in the central and upper Great Plains. POWER serves as a regional center for this clean and renewable energy, providing the educational, technical, and partnership-building resources necessary for harnessing and developing what is considered to be the greatest untapped wind energy resource in the nation. Through POWER, the EERC works with farmers, landowners, Native Americans, rural businesses, and utilities to facilitate the development and demonstration of wind technologies that may very well bolster rural economies and aid in agricultural diversification.

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University of North Dakota
Center of Excellence for People and the Environment
of the Northern Great Plains

I. Case Statement

The Northern Great Plains Center for People and the Environment is committed to leading a transition to sustainability, defined as meeting people's needs and values for economic security and a rewarding quality of life while simultaneously protecting Earth's vital life-support systems. Sustainability will be a dominant issue for the 21st century and beyond, because humans have become a geological force of such magnitude that the planet's future will be determined by decisions we make (or fail to make). Humans have transformed 39-50% of the planet's land surface; have increased the carbon dioxide in the air we breathe by 30%; consume 55% of the surface freshwater; and are eliminating other species of life at 100-1000 times the natural rate.

The Center for People and the Environment is at the leading edge of both the Space and the Information Ages. Technologies of these "ages" provide the information needed to make decisions wise both economically and environmentally, enable widespread distribution of that information, and empower people to work synergistically to solve problems and seize opportunities. People served by the Center already use 3 different space systems: Earth-observing satellites, global positioning satellites, and communications satellites. By adding this dimension of Space, the Center today is where UND's Aviation program was in about 1985, and its future is as great.

II. Existing Resources

The Center for People and the Environment employs full-time at UND 11 PhD faculty, 8 advanced technical support personnel, and 2 business and administrative staff. It also supports 10 graduate students from various departments with GRAs and employs 14 undergraduates part-time. But that group is but the core of a UND-based consortium involving 7 other universities. Together, they add another 35 faculty. The Upper Midwest Aerospace Consortium (UMAC) includes also business partners, government agencies, and NGOs. These partners exist to serve a constituency of farmers, ranchers, foresters, land managers, tribal officials, educators, and other concerned citizens. External funding has grown every year since the first grant of $310k in 1995. The accumulated total funding is $19.7 million; for 2003 alone, $3.8 million.

III. Needed Support

We request $1 million for endowment of 2 half-chairs, one in Earth System Science, the other in Policy. Providing half-salaries enables UND to appoint top-quality candidates, while still leaving an incentive for them to be entrepreneurial.

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EXAMPLES OF
CENTERS OF EXCELLENCE
IN AREAS OTHER THAN RESEARCH
AT THE
UNIVERSITY OF NORTH DAKOTA

American Indian Programs
Aviation/Air Traffic Control
Experiential Education (Internships)
E-Business/E-Government
Center for Innovation

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University of North Dakota
Center of Excellence in Aviation

I. Case Statement

The UND Aviation Department, originally founded by John D. Odegard in 1968, forms the cornerstone of the Odegard School of Aerospace Sciences. It is the largest department on the UND campus. Enrollments in the Aviation Department have increased from 900 majors in 1998 to over 1600 majors in 2003. A year ago, the Aviation Department started offering a Master's Degree using non-state-appropriated funding. One year later, this program serves more than 30 students on campus and by distance course delivery. Even with the increased enrollments and very high teaching loads, the Aviation Department is dedicated to its tradition of excellence and its reputation of being a national and international leader in aviation training, education and research.

II. Existing Resources

The School has been recognized with the Federal Aviation Administration's "Excellence in Aviation Award" in 1998 for its outstanding contributions in both aviation education and research. In 2001, the FAA designated the Odegard School as an "Air Transportation Center of Excellence for General Aviation Research" through a nationally competitive review process.

III. Needed Support

Presently, the Aviation Department receives approximately 15 percent of its $26 million budget from state-appropriated dollars. In order to continue its tradition of excellence, an additional $1 million would help the Aviation Department to maintain its tradition of excellence. The $1 million base allocation would help fund faculty and teaching assistant positions to accommodate increased undergraduate student enrollments and enrollment in the new graduate program and cover operating costs for academic support units. A one-time appropriation of $750,000 to $1 million would establish – with matching funding – an endowed chair in aviation.

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LaCosta Rickford 9/30/03
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University of North Dakota
Center of Excellence in Entrepreneurial Business Development

I. Case Statement

The University of North Dakota would be among the nation's first intensive, experiential peer-to-peer entrepreneur centers to include comprehensive entrepreneur training, coaching, mentoring, hands-on assistance and incubator space. Emerging entrepreneurs exist in an intense, fast-paced competitive business environment focused on innovation, creativity and new technologies. The Center of Excellence in Entrepreneurial Business Development will increase the number of new entrepreneur employers formed as well as substantially increase the rate of success resulting in significant economic impact.

II. Existing Resources

The Center for Innovation was formed in 1984 and was among the very first tech entrepreneur outreach centers in the nation; it has helped launch more than 340 ventures and products. In 1996, the Center opened the Tech Incubator after securing $3.5 million in federal grants. With a 91 percent success rate, over 60 ventures have shared the fully occupied Tech Incubator in the last six years. Currently 21 ventures share the Tech Incubator space: 4 faculty spinoff ventures, 5 student ventures, and 12 regional entrepreneurs. 95 percent of the Center's $600,000 budget is derived from fees for services, contracts and grants from entrepreneurs, corporations, and foundations. The Center has received three national awards for excellence in tech-based entrepreneurship, innovation, and rural economic development. The Center was just named the first SBA Research Advocate of the Year for North Dakota as well as for the SBA's Region VII (six states), and is in consideration for the national award.

III. Needed Support

We would like to add 20,000 square feet to the east side of the Rural Tech Incubator located in the UND Technology Park. The new facility would include a high-tech distance learning lab for entrepreneur training. The peer-to-peer learning environment will create a continuous Entrepreneur Forum in which students and faculty from all disciplines can participate, as well as entrepreneurial students and faculty from all NDUS campuses. Short-term, flexible office space will be available for emerging and successful entrepreneurs to work with student interns on new ventures. Additional focus will be placed on networking with private investors for venturing. The existing incubator, Center for Innovation staff, and Hilton Garden Inn on the UND Tech Park all compliment this entrepreneurial learning environment.

Budget Request: $1 million fund towards the $3 M facility (NDBHE approved $3 M tech incubator addition on 10/28/99). Leveraged by $2 M match and $250,000 annual operating costs raised from federal and private funds. Complemented by $3.5 existing Tech Incubator and $600,000 operating budget. Operating budget will come from fees for services, contracts and grants. Remaining expertise gratis from successful entrepreneurs.

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LaCosta Rickford
Operator's Signature

9/30/03
Date

University of North Dakota
Center of Excellence in Governmental Rural Outreach (GRO)

I. Case Statement

The State of North Dakota provides a unique case study opportunity to identify needs and serve citizens that desire government services in low-density populations. The Center for Excellence in Governmental Rural Outreach (GRO) will focus upon identification of the needs of individuals and groups across the state to better understand their government, to investigate problems or concerns, and to assess the needs of our citizens in accessing government services. It will allow federal, state, and local government agencies to extend their current reach in assisting the state's citizens. This center can be developed by building on resources and programs that are already in place.

II. Existing Resources

UND's Bureau of Governmental Affairs conducts research into various problems of state and local government in North Dakota either at the request of government agencies or on its own initiative. The Bureau undertakes activities such as polling, conducting workshops and seminars, as well as publishing books regarding ND government. The GRO Initiative has recently been awarded phase II funding of $1,750,000. Phase I funding provided a total of $750,000. The staff of the GRO initiative includes a full-time director, part-time administrative assistant, and full-time technical support. Currently, a proposal is being made to the Corporation for National Service VISTA program to extend the reach of this project.

III. Needed Support

In order for the GRO Center to become more stable and reach its potential, additional ongoing funding is needed to support a full-time director and modest operating expenses. Alternatively, a one-time appropriation of $750,000 with a matching requirement could provide endowment funding to sustain the effectiveness of this initiative.

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LaCosta Rickford 9/30/03
Operator's Signature Date

University of North Dakota
Center of Excellence in American Indian Student Services

I. Case Statement

Current statistics from the Native American Resource Center's study between the years of 1981-1994 found an average dropout rate of 46.25 percent for American Indian students after their freshman year, and a 60.25 percent dropout rate after their second year. American Indians earn fewer than 1 percent of Bachelor's degrees awarded in all fields. There are many factors affecting this high college dropout rate, but paramount is that many reservation-born American Indian students flounder because of transition issues and a lack of academic, emotional and social support. AISS already provides outstanding student support services, while offering programming and a "community center" or a "home away from home" for their students – but want to do it better.

II. Existing Resources

The Office of American Indian Student Services (AISS) assists the University of North Dakota in developing the talents of American Indians, the largest ethnic minority in the state of North Dakota. The program provides services to 365-400 American Indian students annually. AISS works with all aspects of the University to maintain a climate that is responsive to the needs of American Indian students; serves as general institutional contact for American Indian students; and provides academic, financial, cultural, and personal advisement. The program also serves as a liaison with the reservation communities to bring the University and the students' home communities closer together, helping to build stronger American Indian communities.

III. Needed Support

AISS is currently implementing a capital campaign to construct a new American Indian Education Center on the University of North Dakota campus. The current Center serves as the umbrella organization for 26 American Indian-related programs and initiatives for American Indian students and six American Indian student organizations. The new Center would better serve those programs and organizations and would house the Office of American Indian Student Services. The current Center, an older home that was remodeled for office use, falls critically short of providing adequate space to effectively meet the needs of nearly 400 American Indian undergraduate, graduate, medical, and law students. The new building would provide a central gathering place for American Indian students and the promotion of cultural awareness. The proposed construction project would also include a showcase for traditional and contemporary Native art, archival record-keeping and storage, library and video space, and much needed space with a culturally diverse atmosphere to accommodate large gatherings, events, and conferences. Ideally, the new Center would also feature space for classrooms. Most importantly, however, the building, with its focus on student services, will significantly impact the recruitment and retention rates of American Indian students pursuing educational opportunities at UND.

The AISS staff has the unique and intimate privilege of serving and witnessing the growth of American Indian students throughout their often challenging journeys in higher education. They would like to invite the state of North Dakota to become partners in realizing their valuable mission. North Dakota is home to four culturally distinct American Indian reservations, making UND a premier choice for a new American Indian Education Center that would serve the entire state – and beyond.

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University of North Dakota
Center of Excellence in Entrepreneurship

I. Case Statement

There is a strong need in the state of North Dakota for an entrepreneurship center focused specifically upon rural, technology-based entrepreneurship. Our state presents a unique opportunity to build a center of excellence that will become a model for other states to follow. This center offers an effective method to provide assistance to entrepreneurs and those interested in entrepreneurial activity with the benefit extending to the broader economic and human community. Further, the center can become a nationally recognized clearing house for research regarding this type of information. Support for this center will provide opportunities for students to gain more of the experiential learning that is so important to the UND mission through connections with the entrepreneurial and business community.

II. Existing Resources

The Center for Innovation already houses the Rural Technology Incubator. This facility has provided support for new and growing businesses as they establish themselves. The Center for Innovation staff have provided extensive help to businesses outside of the incubator to help them grow. The College of Business and Public Administration's Entrepreneurship programs have offered students the option of pursuing instruction designed to help them develop a business plan and to discover all that is necessary to take the plan from idea to implementation. The Kauffman internship program offers students a chance to learn directly from current entrepreneurs while be trusted to complete a major business project on their own. While there are many contributors to the strength of this potential center, the existing resources devoted to entrepreneurship programing in the College of Business and Public Administration is limited. The program is currently supported by an endowed chair of Entrepreneurship with an attached appropriated position. This chair is funded through a $1,000,000 gift provided by James Ray. The Kauffman program is currently support by a $10,000 grant given by the Kauffman Foundation and $15,000 committed per year for three years from the Grand Forks City Council. The Center for Innovation currently provides support that will be a valuable part of this overall package.

III. Needed Support

In order to develop this center to truly reach its potential, the following additional sources of support are necessary: Staffing Dollars – Matching dollars to build the Entrepreneurship Chair to a level that will support a competitive salary for the individual holding the chair. Further, support is needed for an administrative assistant to provide assistance to the chair holder. Operating Dollars – Support for delivering additional entrepreneurship assistance through seminars and conferences. Support for travel, lodging, meals, and fees to attend professional conferences. Support for building additional connections with business community.

Need for a total of $1 million (one-time) with a match already in place to establish an endowment to provide funding for both staff and operating costs.

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LaCosta Richford 9/20/03
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University of North Dakota
Center of Excellence in Experiential Learning

I. Case Statement

The UND Center of Excellence for Community and Experiential Learning would link academic learning with community needs. It would promote opportunities for students to learn outside the classroom and to apply what they have learned in the classroom to authentic professional and community settings (including expansion of traditional avenues of internships and cooperative education experiences). It would help departments integrate experiential learning into their curricula, help link faculty and students with businesses and non-profits organizations, and help students find ways to learn citizenship and community involvement through service learning. The Center would serve as the point of cooperation for related programs and offices on campus: the UND Memorial Union leadership and student volunteer program, the UND Career Planning and Placement Office (which locates placements for paid internship and cooperative education), and a Non-Profit Leadership Certificate Program. Such a center would be eligible for external funding for internship stipends for students placed in non-profit organizations, for service learning programs, and for faculty development and curriculum development.

II. Existing Resources

The University is well on its way to providing the elements for this Center of Excellence. An experiential learning graduation requirement for all UND students is currently under consideration by the faculty governance process, building on an already very high level of experiential learning undertaken by UND students. Career Services handles a number of intern and cooperative education placements. A Non-Profit Leadership Certificate Program is nearing Board of Higher Education approval, providing an important opportunity for students to expand their experiential learning options and their career options. Grant possibilities for non-profit internship placements are underway in cooperation with the North Dakota Association of Non-Profit Associations. A student organization devoted to service learning is under development. Departments are working toward increased experiential learning offerings for their majors, with a goal of all departments offering students opportunities for experiential learning in their major.

III. Needed Support

This Center requires administrative support, support for internship stipends, and support for faculty. 1) An operating and administrative budget for the Center will enable it to seek external funding for other programming. 2) Funding for faculty support will enable faculty to give time to locate and cultivate placements and provide important, quality supervision of students. 3) Stipends and living expenses will enable UND to place students around the state in the summer term and stipends to place students locally during the academic year.

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University of North Dakota
Center of Excellence in Instructional Technology

I. Case Statement

Educators increasingly rely on specialists – technology experts who can help them realize their goals of creating of engaging, effective instruction, or help them to learn and employ the technological tools required to do so. A Center of Excellence in Instructional Technology will provide faculty access to such technology experts. Such a center could support educators not only at UND, but across the state as well.

II. Existing Resources

The AeroSpace Network (ASN), a support division of the John D. Odegard School of Aerospace Sciences, is dedicated to the advancement of innovative educational approaches and technologies. ASN's unique combination of full-service broadcast and multimedia production facility coupled with software design and development expertise have made it an incubator for distance learning projects throughout the region. Since 1993, the AeroSpace Network has been providing instructional support and media production services to a wide range of clients, both educational and commercial. Existing facilities include: (1) The **television studio** is part of the AeroSpace Network's suite of video production and broadcast facilities. The control room has both on and off-line editing capabilities, special effects, and computer animation capabilities. A complete video production center, ASN is capable of producing broadcast-quality video material for local or remote distribution. (2) The **distance-learning classroom** is used for both broadcast classes and local campus classes. This 35-seat classroom is equipped for distance education delivery as well as other productions that may require a classroom environment. This capability can easily be expanded to five other existing, pre-configured classrooms. (3) The **satellite uplink/downlink** is our broadband connection to the world. Broadcasts originate from the distance-learning classroom, the television studio, or across campus. Down linked Satellite programming is routed across campus via fiber optic data connections. (4) The main thrust of ASN's **programming & design** team is distance-learning support, but the majority of our work does double duty, finding applications on campus as well. ASN would make an excellent Center of Excellence in Instructional Technology. It could support other ND Colleges and Universities as well as UND, placing UND at the hub of such activity, statewide. ASN's commercial efforts also align with the entrepreneurial spirit of the Governor's budget and the Roundtable Report.

III. Needed Support

$500,000 would not only cover costs of providing services like HTMLeZ to all 11 NDUS institutions, but also expand ASN's ability to provide Distance Learning support, software development and programming, video production, multimedia production, and satellite uplink & downlink capabilities, to UND and NDUS at large.

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DRAFT V
1-07-03

Red River Valley Research Corridor

1. Introduction. The following is a proposal outlining a plan for achieving the Red River Valley Research Corridor concept articulated and suggested by Senator Byron Dorgan (see attachment 1). In essence, this proposal will build on the existing strengths and potential of North Dakota's two research universities as anchors but involving other institutions, public and private, in North Dakota along with business and industry in North Dakota (and eventually in South Dakota and Manitoba). The proposal is designed to expand the capacity to engage in high-level funded research development and commercialization of science and technology along the Red River Valley, and to strengthen the state's unified system of higher education.

   Research universities have a broad mission of scholarship extending beyond science and technology to encompass all disciplines. Although the emphasis in this Corridor concept is on science and technology and the interfaces these have with business and industry – and particularly the external funding that comes to universities from government and private sectors – vibrancy of the Corridor will depend upon the vibrancy of the full range of scholarship and creative work in the arts and humanities as well as the sciences. Likewise, although much of the language in the document focuses on applied research and development, strong basic research programs are central to the strength of the Research Corridor.

   Definition

   "Research corridor" is a term used to describe interaction between community, government, business, industry and academia whereby quality research and training in higher education institutions is used to develop, attract and retain knowledge-based high-technology companies as well as other companies.

2. Vision of What Will Be/Overreaching Goal. The Red River Valley of North Dakota, and eventually South Dakota and Manitoba, will become a world class research corridor anchored initially by North Dakota's two research universities driven by a team concept which will include all of the North Dakota University System's colleges and universities. The research will spawn new industries and new jobs in the region and demonstrate the economic development potential of integrated university-based education, training, research, development, and commercialization.

   Objectives

   To provide an ongoing forum for the exchange of information and the synergistic combination of support among partners in the attraction, development, and retention of expanding business, industry, and research-based organizations.

   To support and promote the expansion of research capacity in North Dakota's research universities.

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To support the comprehensive education and training offerings that assist business development and corporate expansion.

To foster further development of broad-band telecommunications infrastructure supporting research development and commercialization and the interaction between and among institutions of higher education with industry.

List of Partners

University of North Dakota
North Dakota State University
North Dakota University System
North Dakota Congressional Delegation
North Dakota Governor's Office
North Dakota Department of Commerce
Private Sector (New Economy Initiative)

Eventually . . . .

South Dakota Governor's Office
South Dakota State University
University of South Dakota
Canadian Government/Manitoba
University of Manitoba

North Dakota's two research universities already enjoy some collaboration through a long-standing EPSCoR (Experimental Program to Stimulate Competitive Research) Program. Other North Dakota four-year institutions and two-year institutions will also be tied into this corridor working closely with regional businesses and private industry to create programs responding to the needs of specific industries.

3. Strategic Elements of a Plan to Develop a Red River Valley Research Corridor.

3.1 Initially create a Red River Valley Research Council. This is to be co-chaired by the presidents of the University of North Dakota and North Dakota State University and consisting of the Governor of North Dakota, North Dakota's Congressional Delegation, the Commissioner of the North Dakota Department of Commerce, the Chancellor of the North Dakota University System, the Chair of North Dakota's New Economy Initiative, the Chair of the Legislative Higher Education Roundtable, and the President of the State Board of Higher Education.

This group will meet once each year in conjunction with a showcase of science and technology – research, development, and commercialization activities. The showcase will be designed to illuminate the current state of research, development, and commercialization activities in North Dakota and will serve as a basis for planning by the council for the future, updated each year by representatives of the key stakeholder groups.

Initially, a research and development commercialization showcase will be held in at the University of North Dakota in December of 2002. This following on the showcase held in Bismarck during the 2001 legislative session.

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The idea is that we create a simple, non-bureaucratic structure that has high-level engagement in shaping a synergistic future for research and technology in the Upper Great Plains.

3.2 Explore possible expansion to include the research universities in South Dakota and in Manitoba. As these are successful, the Council will include representative counterparts in Manitoba and in South Dakota. Possibly this could also include universities in Minnesota and perhaps even the Mayo Clinic in Minnesota – stretching the scale of the "Red River Valley" even further and achieving a regional emphasis on the enhancement of research and development and commercialization capacity.

3.3 Establish six centers of research excellence at North Dakota State University and the University of North Dakota. These are to be based on existing areas of strengths at the two institutions. Common criteria for the designation of centers of excellence are being developed.

INSERT EXAMPLES

3.4 Also, establish four joint centers of excellence in to-be-identified areas in which UND and NDSU together have the potential and the critical mass needed to shape yet additional centers of excellence and to emphasize the cooperative and synergistic approach to research and development activities. Two of these will be headquartered at each research university.

INSERT EXAMPLES

3.5 Establish an expanded program of support for faculty at other North Dakota colleges and universities to work with the research university scientists and engineers, permitting faculty from these other institutions to follow up independently on the work launched in the summers on their home campuses. Each of the four-year institutions not having strong research missions should establish the expectation that some faculty will engage in research and participate in Research Corridor programs.

3.6 Establish a program of undergraduate research participation for students throughout North Dakota to work with faculty on research projects.

3.7 Establish one endowed chair per center of excellence with the State of North Dakota providing half the funding to match dollars to be raised from private sources.

3.8 Sustain and expand funding for the state's already-existing EPSCoR program.

3.9 The two research universities will prepare long-term strategic plans for institutional research and development enhancement.

3.10 Develop a directory of research and development expertise on a special website to be continually updated.

3.11 Maintain and enhance the statewide work force training initiative. Workforce Development is one of the areas in which coordinated action of education,

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business and government needs to be fostered. Obviously, a well-trained workforce is critical to the success of businesses in the corridor. Distance learning strategies will also be part of the development of the Research Corridor as a means of extending and enriching Workforce Training opportunities.

3.12 Maintain and enhance the state's telecommunications infrastructure. Obviously, an infrastructure in telecommunications is very important to distance learning and to the means by which interaction can occur between and among government, business and higher education. The corridor must have a telecommunications strategy for it to prosper.

3.13 Maintain and enhance transportation infrastructure. The corridor must eventually enhance its transportation infrastructure in order to achieve a desired future. This means improvements in air service and maintenance of a first-rate highway syste....

The Red River Valley Corridor concept will be refined during a conference to be held in December of 2002 in Grand Forks. A follow-up conference will be held the following year in Fargo. In conjunction with this research, development and commercialization showcase, the Red River Valley Research Council will convene for the first time and have as its primary agenda item the refinement of this concept and the development of a near-term strategic plan for further development of the Red River Valley Research Corridor.

The congressional delegation will provide input as to the high-priority research needs for the nation; North Dakota's Department of Commerce will provide the perspective that links research activity in the corridor to the needs of the State of North Dakota. The private sector's perspective will come from representatives of the private sector and groups such as the Greater North Dakota Association.

Another item on the agenda for this meeting will be a review of current strategic plans for research and development at the two research universities.

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NORTH DAKOTA
UNIVERSITY SYSTEM

The Vital Link to a Brighter Future

January 17, 2003

The Honorable Robert Martinson
Chairman, House Appropriations Subcommittee
on Education and Environmental Division
600 East Boulevard Avenue
Bismarck, ND 58505

Dear Rep. Martinson and Committee Members:

Under state law the Indian Scholarship Board is established separate from the State Board of Higher Education to administer the Indian Scholarship Program. The Indian Scholarship Program is part of the State Board of Higher Education appropriation in SB 2003. I am attaching testimony from Cheryl Kulas and Cornelius Grant, and, as the chancellors designee on the Indian Scholarship Board, I would like to join them in expressing appreciation to the legislative assembly for the support provided to the Indian Scholarship Program.

Please let me know if you have any questions about the program.

Sincerely,

Michel Hillman, Ph.D.
Vice Chancellor for Academic and Student Affairs

Enclosures

Cc: Chancellor Larry Isaak
Cheryl Kulas
Cornelius Grant
Rhonda Schauer

State Capitol - 600 E. Boulevard Ave., Dept. 215, Bismarck, ND 58505-0230
Phone: 701.328.2960 • Fax: 701.328.2961
E-mail: NDUS.office@ndus.nodak.edu • Web: www.ndus.nodak.edu

The North Dakota University System is governed by the State Board of Higher Education and includes:
Bismarck State College • Dickinson State University • Lake Region State College • Mayville State University • Minot State University • Minot State University-Bottineau Campus • North Dakota State College of Science • North Dakota State University • University of North Dakota • Valley City State University • Williston State College.

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9/30/03
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Written Testimony on North Dakota Indian Scholarship Program
By Cheryl Kulas
Executive Director
North Dakota Indian Affairs Commission
January 16, 2003 – House Appropriation Committee

Mr. Chairman and members of the House Appropriation Committee, my name is Cheryl Kulas and I am Executive Director for the North Dakota Indian Affairs Commission. I also serve as Secretary on the State Board for Indian Scholarships. I appreciate the opportunity to speak in support of the North Dakota Indian Scholarship Program.

The Indian Scholarship Program has proven to be one of the best investments that the State has ever entered into. An investment of far reaching and almost unlimited social economic impact. Since 1973, 3,289 Indian Scholarship have been awarded and each academic year an average of 20 students complete their degree requirements. Among these graduates are school teachers, administrators, lawyers, doctors, law enforcement officers, Tribal College Presidents, top administrative officers with the Bureau of Indian Affairs, Indian Health Service, Indian Education, Tribal government officials, just to name a few categories.

You will find information on the scholarship recipients on Section 8, page 5 of the North Dakota University System Resource Guide. The Indian Scholarship Program receives over 500 applications each year and due to limited funds can only make awards to approximately 30% of the applicants. Forty five percent of the recipients are merit students with cumulative grade point averages of 3.50 and above. The Board for Indian Scholarships limited the award to $700 in order to award at least 145 applicants.

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I hope my comments in support of the Program will help to assure Committee members that these funds have been very well spent. I would also take this opportunity to solicit your personal support for the North Dakota Indian Scholarship Program. Higher Education has become an important factor in the lives of many families, particularly among the Native American community.

The North Dakota State Board for Indian Scholarships strongly support the Indian Scholarship Program and we urge your favorable consideration. Thank you for the opportunity to comment.

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Some testimony given to Senate

Written Testimony to House Appropriations on North Dakota Indian Scholarship Program by:

Cornelius Grant, Executive Director, Rural Development Council

January 16, 2002

Mr. Chairman and members of the House Appropriation Committee, my name is Cornelius Grant, enrolled Turtle Mountain Chippewa and Executive Director for the Rural Development Council. Also, I am the Governor's appointee to the Indian Scholarship Board and this will be my 30th year serving on the Board.

Over the past 30 years I've had the opportunity to give testimony on behalf of the Indian Scholarship Program on many occasions, it is always a distinct pleasure because the Indian Scholarship Program has proven to be one of the best investments that the State has ever entered into. An investment of far reaching and almost unlimited social and economic impact.

This healthy impact has been most noteworthy the last ten years in terms of Indian college graduates and corresponding growth in leadership both on and off the Reservations in our State. As the Executive Director for the Rural Development Council, I try to visit each Reservation four to five times a year. During the course of these Reservation visits and meetings and visits in most of the larger communities, I run into Graduates from the Indian Scholarship Program, most will acknowledge that the financial assistance they received through the auspices of the Indian Scholarship Program was a decisive factor in their entering and completing post-secondary education.

You will find information on the scholarship recipients in the North Dakota University System Resource Guide, section 8 page five. I would like to highlight that during the 2001-03 biennium the Program provided 294 seven hundred dollar scholarships. Unfortunately over 300 students were denied assistance during this same time frame due to lack of Program funds.

During my introductory remarks, I underscored the term investment and I hope that my comments in support of the Program will help to assure Committee members that these funds have been very well spent. I would also take this opportunity to solicit your personal support for the North Dakota Indian Scholarship Program. Higher Education has become an important factor in the lives of many families, particularly among the Native American community. There is a definite need to continue the program, other possible primary funding avenues have either been cut, have not had increases to keep up with inflation or rising costs of attending college. As was earlier indicated, we can provide tangible evidence that the need for supplemental assistance continues to exist, and at the same time prove that the investment is paying off in impressive terms.

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Exhibit #10
4th day

Testimony on North Dakota Indian Scholarship Program

Cheryl Kulas – Executive Director

North Dakota Indian Affairs Commission

March 5, 2003 – Senate Appropriations Committee

Chairman Holmberg and members of the Senate Appropriations Committee, my name is Cheryl Kulas and I am Executive Director for the North Dakota Indian Affairs Commission. I also serve as a member of the State Board for Indian Scholarships. I appreciate the opportunity to speak in support of the North Dakota Indian Scholarship Program.

Since inception in 1973, the Indian Scholarship Program has proven to be one of the wisest investments to Indian Country in North Dakota. This investment is both far reaching and has unlimited social and economic impact. It is important to note that 3,289 scholarships emanating from this program have been awarded and an average of 20 students complete their degree requirements each academic year. Among these graduates are school teachers, administrators, lawyers, doctors, law enforcement officers, Tribal College presidents, top administrative officers with the Bureau of Indian Affairs, Indian Health Service and Indian educators.

The Indian Scholarship Program receives over 500 applications each year and due to limited funds can only make awards to approximately 30% of the applicants. Forty five percent of the recipients are merit students with cumulative grade point averages of 3.50 and above. The Board for Indian Scholarships limited the awards to $700 in order to award at least 145 applicants each year.

We know that in an increasingly globalized world and transformations in the family, the preparedness of young Native people for the social and economic complexities and demands of the adult world presents increased challenges to the United States and to our state. North Dakota struggles to address the new demands for highly specialized and

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complex jobs, including manufacturing and service jobs. These jobs require literacy, numeracy and computer skills. In the United States entry-level wages for people with only a high school education have fallen since the 1970s. The young person who is able to function in only one world is increasingly ill prepared for adult life, the result of which resurface within the social welfare environment where individuals are under skilled and unprepared for today's complex markets. It is important to note that Native American youth, educated in North Dakota tend to stay in North Dakota.

Additionally, if we are to impact the long-term social welfare issues endemic in many North Dakota native communities, then it becomes patently clear that this investment is a key factor supporting North Dakota's future social and economic infrastructure.

I hope my comments in support of the Program will help to assure Committee members that these funds have been well spent. I would also take this opportunity to solicit your personal support for the North Dakota Indian Scholarship Program. Higher Education has become an important factor in the lives of many families, particularly among the Native American community.

The North Dakota State Board for Indian Scholarships strongly supports the Indian Scholarship Program and we urge your favorable consideration.

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9/30/03
Date

Prepared by the North Dakota Legislative Council
staff for House Appropriations
January 13, 2003

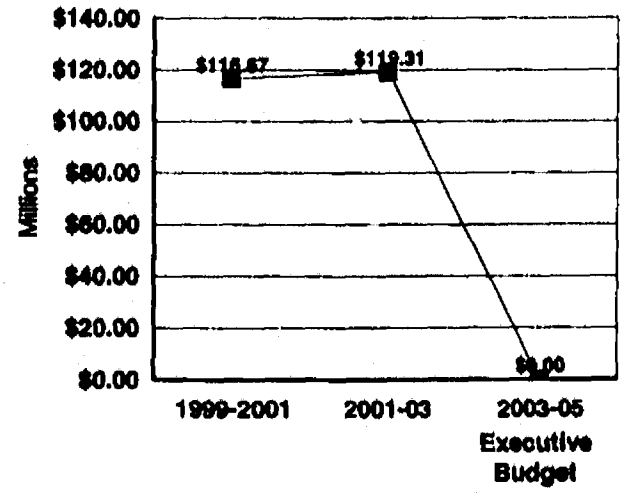
Department 230 - University of North Dakota (Including School of Medicine)
House Bill No. 1003

	FTE Positions	General Fund	Other Funds	Total
2003-05 Executive Budget	0.00	$0	$0	$0
2001-03 Legislative Appropriations	1,144.54	119,314,982[1]	18,841,785	138,156,767[2]
Increase (Decrease)	(1,144.54)	($119,314,982)	($18,841,785)	($138,156,767)

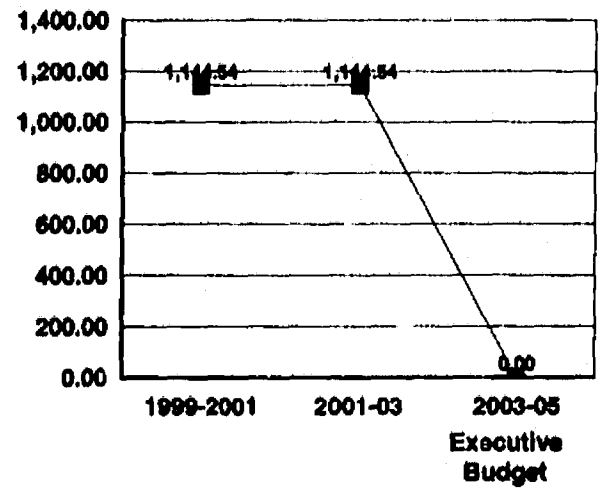
[1] The 2001-03 general fund appropriation is the amount appropriated by the 2001 Legislative Assembly and does not include a reduction of $1,423,449 relating to the 1.05 percent budget allotment ordered by Governor Hoeven in July 2002.

[2] The 2001-03 appropriation amounts include a general fund allocation of $1,319,554 from the equity and special needs funding pool, and $25,000 from the board initiatives funding. The 2001-03 appropriation amounts do not include a 1999-2001 general fund carryover of $1,570,732, and a $12 million special funds line of credit for flood disaster recovery.

Agency Funding - General Fund



FTE Positions



Executive Budget Highlights

	General Fund	Other Funds	Total
1. Consolidates funding for all higher education into the University System office budget	($119,314,982)	($18,841,785)	($138,156,767)

Major Related Legislation

House Bill No. 1039 - Special funds continuing appropriation - This bill provides for the continuation of the continuing appropriation of higher education institutions' special revenue funds, including tuition.

House Bill No. 1040 - Unspent general fund appropriations - This bill provides for the continuation of the University System's authority to carry over at the end of the biennium unspent general fund appropriations.

House Bill No. 1041 - Budget request and appropriation - This bill continues the requirement that the budget request for the University System 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. The bill also continues the requirement that the appropriation for the University System include block grants for a base funding appropriation and for an initiative funding appropriation and an appropriation for asset funding.

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The missing pages were color photos of University life and students — They did not photocopy well or convert well to fiche

University of North Dakota

Testimony Before the Appropriations Committee

North Dakota House of Representatives

January 14, 2003

[redacted]

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OUTLINE

University of North Dakota

PRESENTATION TO THE NORTH DAKOTA HOUSE APPROPRIATIONS COMMITTEE

January 14, 2003

1. **INTRODUCTIONS**

2. **THANKS TO YOU AND TO THE TAXPAYERS FOR THE SUPPORT YOU GIVE TO STUDENTS!**

   North Dakota ranks high among states in many important ways in support for Higher Education (see handout ranking of states).

3. **THIS IS THE UNIVERSITY OF NORTH DAKOTA IN CAPSULE**

   Oldest, largest, most heavily endowed doctoral/graduate-program-research-intensive University in wide area of the Midwest. Second largest employer in North Dakota after the Air Force.

   Odegard School of Aerospace Sciences
   College of Arts and Sciences
   College of Business and Public Administration
   College of Education and Human Development
   School of Engineering and Mines
   Graduate School
   School of Law
   School of Medicine and Health Sciences
   College of Nursing
   Division of Continuing Education

   Annual operating budget = $280.6 million
   Full-time employees = 2,562
   In 1997, accounted for about 1 of every 33 jobs in North Dakota

4. **WHAT WE ARE DOING WITH THE MONEY YOU PROVIDE**

   Reference documents in packet (partial list follows):

   - Annual Report
   - State of the University 2002
   - Strategic Plan - UND
   - Special Initiative to Recruit American Indian Students
   - EERC Economic Impact
   - 50 State Summary Tables

   We continue to be guided by a comprehensive strategic plan; accountability a big part.

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Please turn to page 24 of the green booklet.

Note indicators of success and specific strategies outlined to achieve objectives.

A. Enrollment

- History over past three years
- This fall total 12,423; increase of >600 over fall of '01
- 3,199 residence hall contracts – full
- 1,714 graduate students
- 400 American Indian students
- Students from all 50 states, 60 foreign countries
- About 56% of students from North Dakota
- Average ACT of incoming = 23
- Projecting fourth straight year of enrollment increase next year
- Served nearly 1,000 degree-seeking students by distance methods; at least one credit-bearing program in fifty (50) North Dakota communities.
- Continuing Education had nearly 20,000 enrollments (only about 25% counted in degree-seeking total given above)
- 558 workshops for teachers with 6,063 enrollments

B. Programs

- See annual report (page 33) for list of undergraduate, master's, doctoral, professional degree programs. Will be new programs, including a few more doctoral programs (Space Studies, Earth Systems) over next few years to achieve top-level doctoral/research classification. 30 to 40 PhDs now – will reach 60 in next few years.
- Past year: >3,000 courses in nearly 6,000 sections.
- New programs in Entrepreneurship, Educational Leadership (cohort), doctoral program in Communication Sciences and Disorders, Criminal Justice and others
- Accomplishments in academics cited below.

C. Students

- Outstanding student body; effective student participation in governance. Bright, articulate, good values. Few problems.
- Student satisfaction high (accountability measure)
- Accounts of student success in documents provided – many in Accountability Report II given to you last week.

D. Graduates

- Nearly 100,000 alumni; nearly 90,000 degrees (nationwide distribution)
- 2,162 graduates last year in >200 programs; 420 Master's degrees; 30 Doctoral degrees; 51 new physicians; 62 new attorneys

E. Faculty

- Strong; nearly 600 individuals
- All practitioners of what they teach

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F. **Research**

- Many exciting developments (see Annual Report)
- $167 million in grant applications; 674 proposals
- Awards reached nearly $60 million in FY 02
- Want to go to $100 million in near future.
- Economic impact even before patents, license agreements, spin-off companies considered would equal more than three hundred million dollars.

G. **Service**

- Many ways beyond graduates
- Burtness Theater, North Dakota Museum of Art, Chester Fritz Auditorium add to Alerus and Engelstad – Serves culturally and artistically to enrich quality of life.
- Economic development: Small Business Development Center, Business Incubator/Center for Innovation. Workforce Development program trained over 3,000 individuals.
- Applied Research: Energy and Environmental Research Center ($20 million in contracts last year) – energy and water
- Social Services: Work with Indian reservations, Center for Rural Health, Upper Midwest Aerospace Consortium, etc.
- Evening/weekend programs. Now 12 degree programs accessible entirely at night or on weekends.

H. **Partnerships with Business and Industry**

- Part of Business Government Alliance; local chamber; statewide
- Workforce Training program partnership with over 40 companies since 1997.
- Many companies via Center for Innovation, via Small Business Development Center, SBIR programs, etc.
- As of 2002, EERC has served 719 clients in 47 countries and all 50 states (many of these clients have entered multiple contracts with EERC).

I. **Facilities/Infrastructure (see below)**

- Campus has 540 acres, 229 buildings, 5.1 million square feet under roof – plus nearly 1 million more in the Alerus and Engelstad Arena
- Generally in good shape in terms of array and condition of facilities.

J. **Solid array of support systems**

- Chester Fritz Library 21st among 158 research libraries; electronic access via ODIN
- Alumni Association and Foundation (Assets equal $121 million)
- Faculty mentoring program
- Many other safety net/support services for students – 25+ support programs for American Indian Students alone.

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K. **International Program expansion**

- China
  Norway
  Canada
  Turkmenistan
  Russia, Cuba, and others in the future
- About 500 international students now

5. MAJOR ACCOMPLISHMENTS LAST TWO YEARS

A. Academics – doctoral program expansion; other new programs

- Nearly 1,000 program-to-program articulation agreements completed with community colleges across wide region of Upper Midwest – new transfer students this year numbered over 800.
- Enrollment up more than 10%
- Added 5 new doctoral programs others at Master's and Bachelor's levels

B. Established Office of Vice President for Research and University of North Dakota Research Council

C. Research funding up by 23% (does not yet include newest $10 million grant in the Neurosciences that Dr. Wilson will tell you about).

D. Foundation raised $12 million last year; foundation assets at $121 million

E. Launched comprehensive strategic planning process.

F. Developed comprehensive wellness program and helped launch "Healthy North Dakota" program with Governor.

G. Completed more than $200 million in construction projects (including Alerus and Engelstad), roughly $114 million on campus.

- Barnes & Noble Bookstore
- Animal Research Facility
- Replaced steam lines
- Family Practice Center
- Engelstad Arena
- Alerus Center
- Hilton Garden Inn

New Building Projects Proposed or Underway

- Wellness facility/Athletic complex
- EERC expansion – $8 million
- Medical School expansion – $3 million
- O'Kelly Hall renovation
- Carnegie Library renovation

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Would Like to Build

- American Indian Cultural Center

H. Spent $1,000,000 as seed money to develop new research projects.

I. Intercollegiate Athletics

- Strong tradition/record of accomplishment, including academics
- Played for four national titles in last 4 years.
- 23 recipients of NCAA Postgraduate Scholarships since 1980
- National championship football team had 12 of 28 members on the NCC All-Academic Team
- Established Division I women's hockey
- Last year had "Academic All-American of the Year" at both Division I and Division II levels
- Last year, in Top 10 institutions in terms of graduation rates for athletes.
- Fourth straight year, 441 athletes' aggregate GPA >3.0; 61 perfect 4.0's

J. Expanded Distance Education capacity and programming via IVN, faculty training

K. Curriculum

- Innovative approaches in Medicine (next presentation)
- Moving to experiential learning for all grads – co-op/internship

L. Faculty salary increases of 7.1% last year; 6.1% for the current year. From legislature: 3% last year and 2% current year.

M. Made 12 undergraduate degree programs accessible in the evening or on weekends.

All dovetail nicely with Roundtable emphasis on Economic Development, Access, Flexibility, and Quality.

6. BUDGET ISSUES

A. Status of current biennial budget

B. Revenue by Source

C. Expenditures by Function

D. Long-term Financing Plan

- Funding and Rewards portion of Roundtable (p. 50, item V . . . "Develop . . . a financing plan to address gap between current funding levels and the resources needed to fully meet expectations expressed in this report . . . .")

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- Process used.
  Establish group of comparable institutions as benchmarks – size, external funding, program mix (medical school), etc.
- Look at funding per student, funding derived from appropriations + tuition.
  Establish "ideal" split between tuition and appropriation.
  In terms of $ per student derived from tuition and state appropriation, UND has 60-70% of the median of our benchmark group of schools.
- Need at this point a funding source plan

E. Tuition as an issue for upcoming biennium

- UND in comparison with other similar institutions
- Room for more efficiency?

F. What drives the need for increased funding?

- First and foremost, it is a commitment to excellence!

G. What do we need more money to do?

- First: Inflationary increases and salaries (see background information).
- Then: Research program development and support
  - Red River Valley Research Corridor
  - Centers of Excellence
- Additional faculty
- Repair and maintenance
- Information technology
- Institutional innovation/program development
  - Experiential learning programs

Those are things for which we need additional funding (more closely matching peer institutions) to do.

H. Needs-based summary – UND/Medical School

I. Capital projects summary

- "Other" funds
- State bonding

J. Need your support for campus flexibility – Allow entrepreneurial approaches. Some risk.

7. THANKS/QUESTIONS

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The University of North Dakota

Missing Pages mean data was duplicated elsewhere in the testimony to HB 1003

Presentation to
The North Dakota House
Appropriations Committee
January 14, 2003

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Rankings of States on Appropriations of State Tax Funds for Operating Expenses of Higher Education per $1,000 Personal Income and per Capita, FY 2002

	Appropriations ($1000s)	Per $1,000 Income $	Per Capita $
North Dakota	201,497	12.11	317.82
North Dakota's Rank		3	4

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Appropriations of state tax funds for operating expenses of higher education fiscal years 2001-02 and 2002-03 in North Dakota (dollars in millions)

	2001-02	2002-03
University of North Dakota	$50.9	$54.3
Medical Center	$15.0	$15.0.
Total UND	**$65.9**	**$69.3**

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Fall Enrollment History and Target Goals

Types of Students	Fall Enrollment History 1999	2000	2001*	Target 2002	Actual 2002*	Target 2005
New Freshman Students	1,754	1,837	1,947 (2)	1,850	1,987 (5)	1,850
New Transfer Students	665	724	839 (110)	775	920 (117)	800
Other Undergraduate Students	6,261	6,561	6,999 (23)	7,250	7,370 (84)	7,475
Graduate Students	1,492	1,492	1,557	1,600	1,714	1,650
Professional Students	418	417	422	425	432	425
Total Fall Enrollment	10,590	11,031	11,764	12,280	12,423	12,685
(Head Count)			(135)	(380)	(206)	(485)

*Correspondence Students added beginning Fall 2001 (number indicated in parentheses)

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Nearly 2,000

Distance

Enrollments

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Nearly 20,000

Continuing Education

Enrollments

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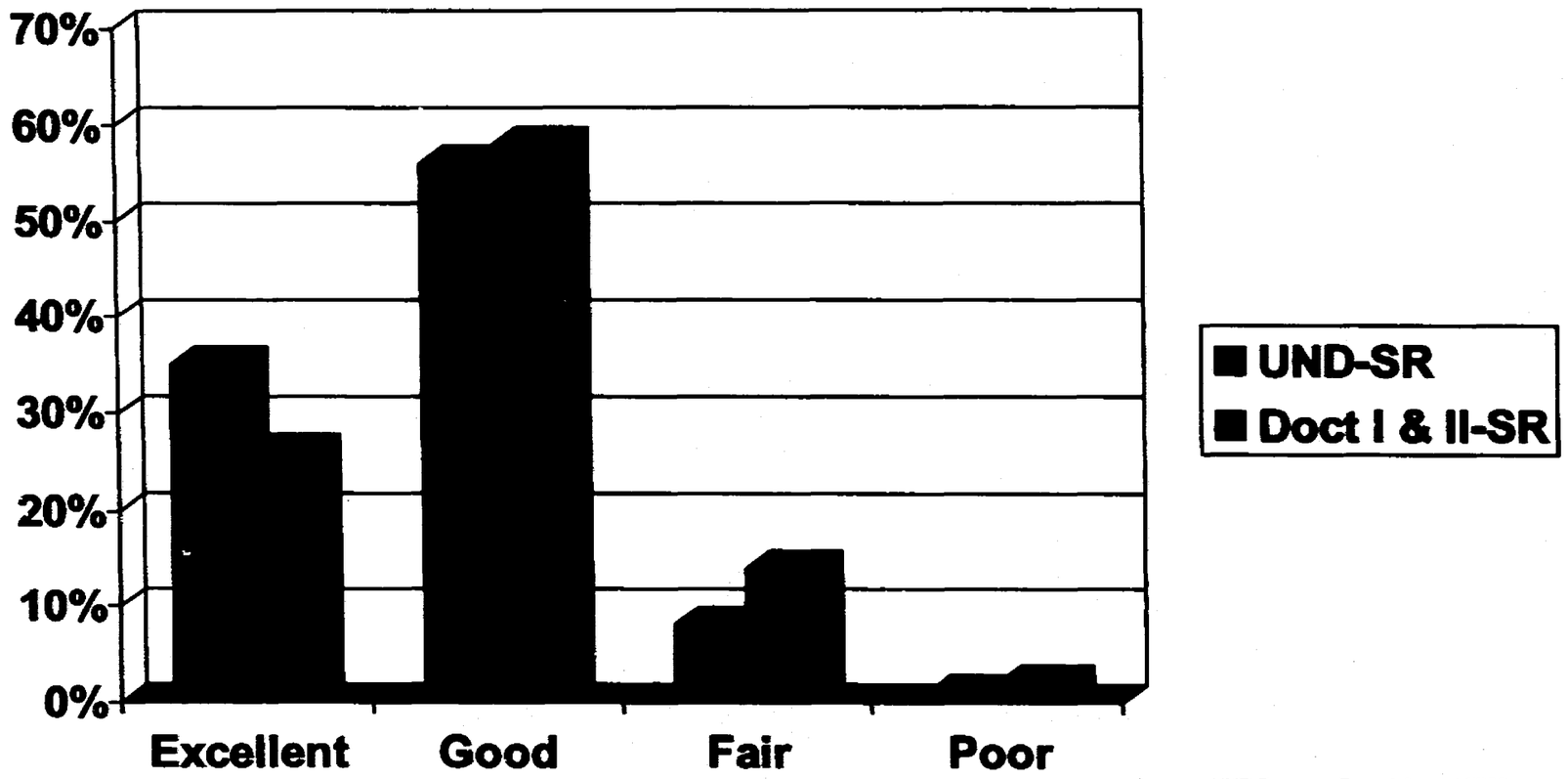
How would you evaluate your entire educational experience at this institution?



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Nearly 100,000 Alumni

90,000 Degrees

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7

Peter Alfonso named UND's first research vice president

"Seed money" yields grants

BRIN program seeks to create statewide research network

UND weather researchers examine icing conditions faced by pilots

Neuroscience center exemplifies concept of "focused excellence"

EERC expansion sets the pace for UND's overall research goals

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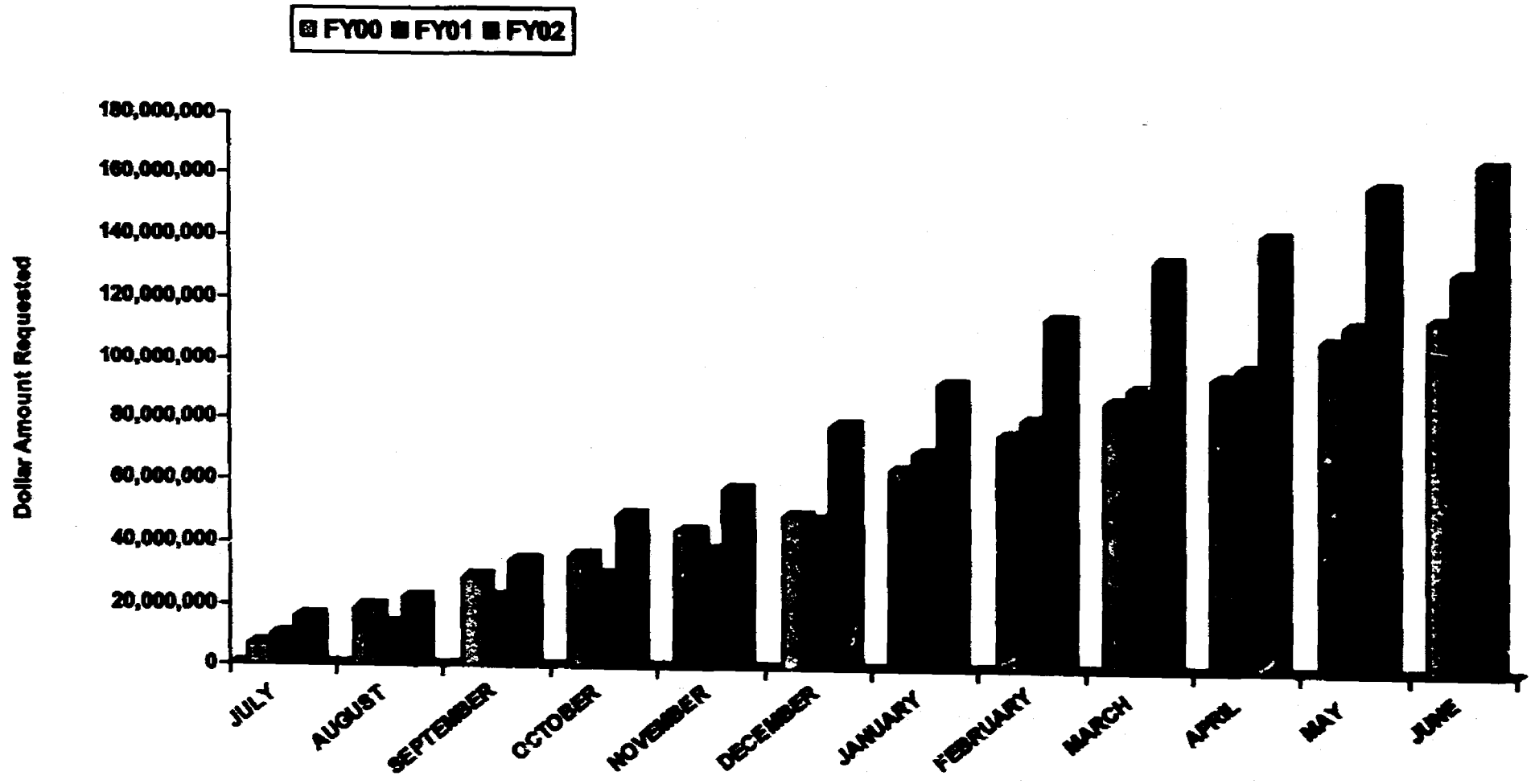
Proposals Processed

Cumulative Comparison FY 00, FY 01 and FY 02



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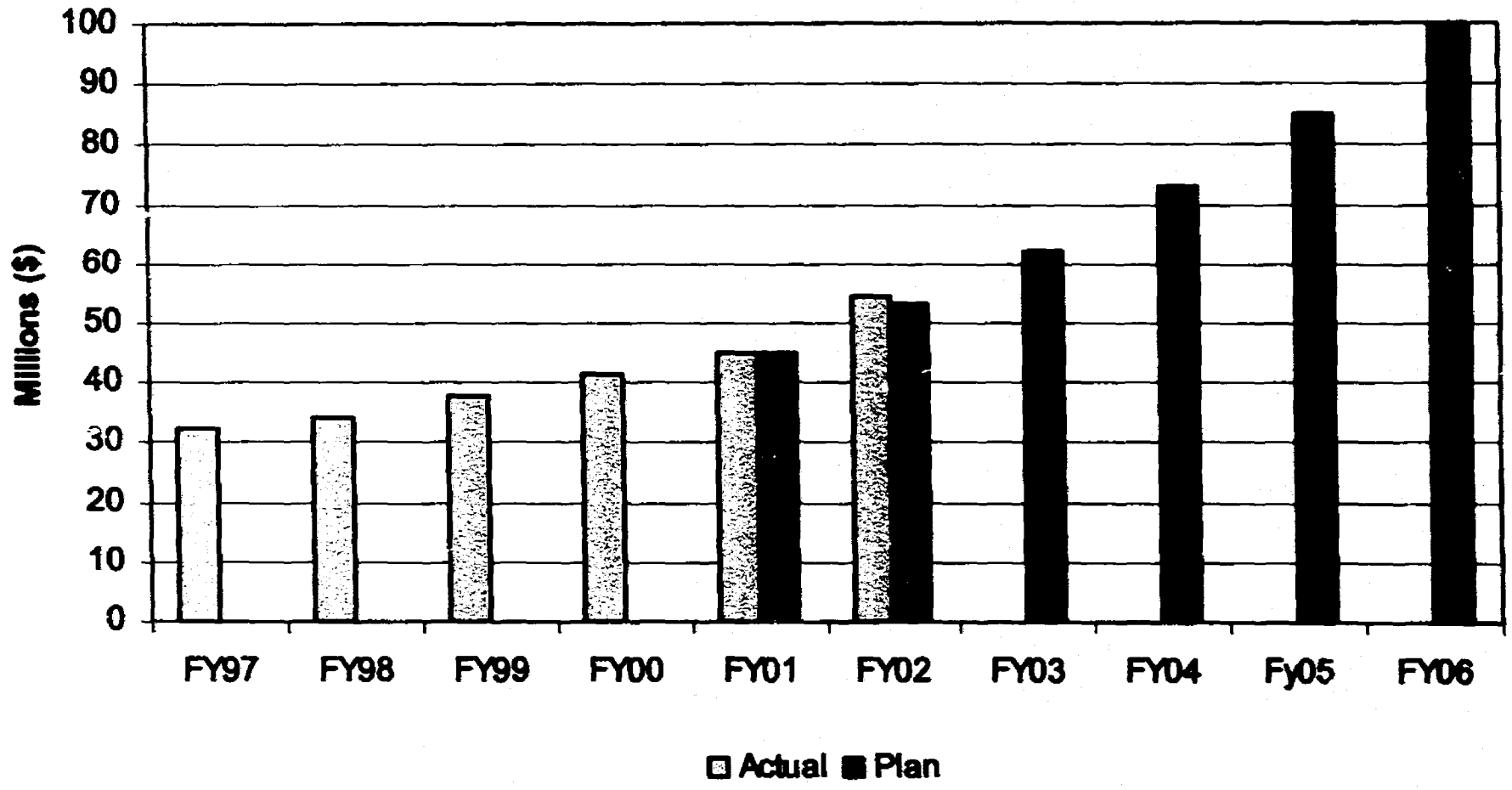
UND and School of Medicine Total Grant and Contract Awards



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- **Small Business Development Center**
- **Business Incubator**
- **Center for Innovation**
- **Workforce Development Program**

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3,000 Workforce Trainees

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Partnerships with Business

Workforce Development

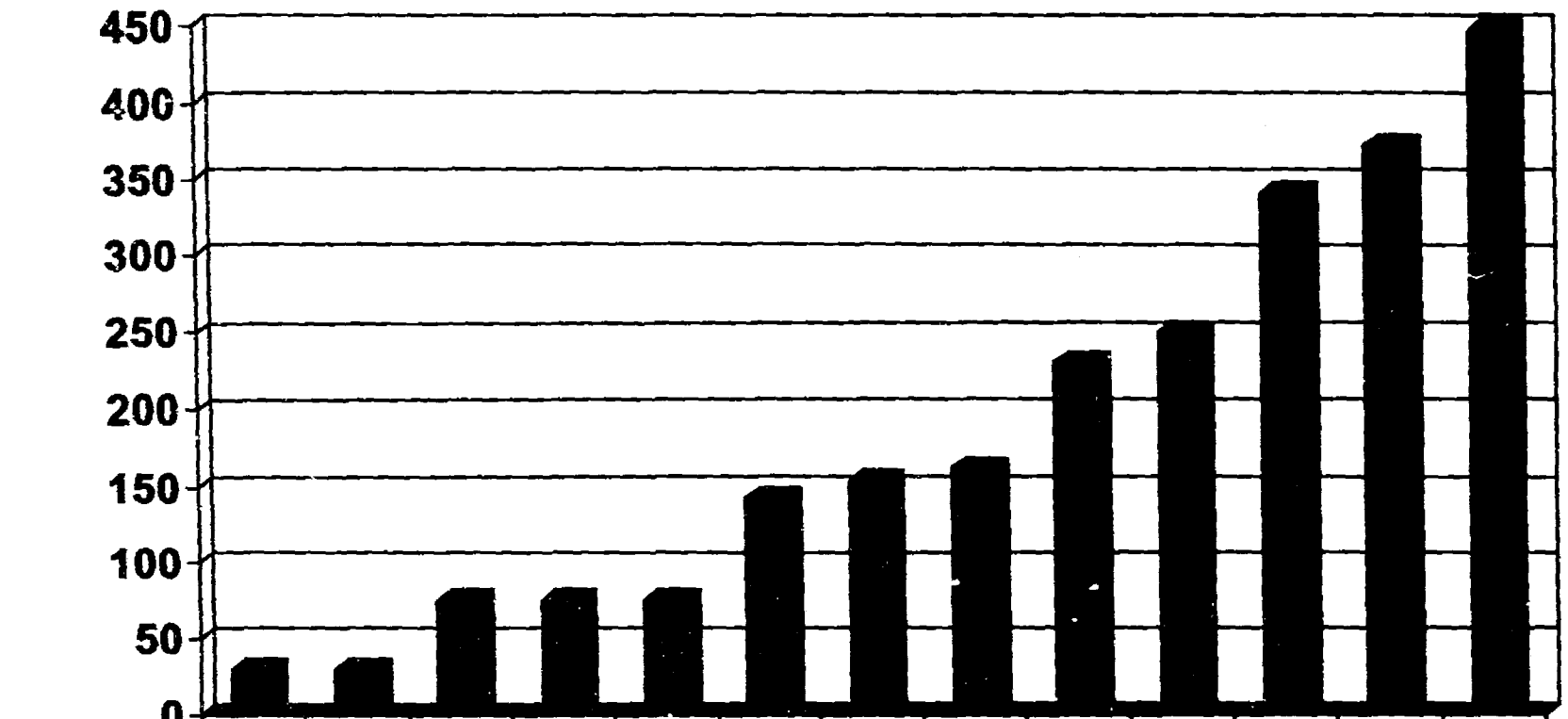
40 Companies since '97

Energy & Environmental Research Center

As of 2002 served 719 clients

in 47 countries and all 50 states

Program Articulation Agreements (2001-2002)



	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	July* *
■ Number	30	30	75	75	75	143	154	162	231	250	342	373	447

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Vice President for Research

Research Council

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Average Salary Increases

	FY2001	FY2002	FY2003
Faculty	4.8%	7.1%	6.1%
Staff	4.6%	4.8%	4.9%

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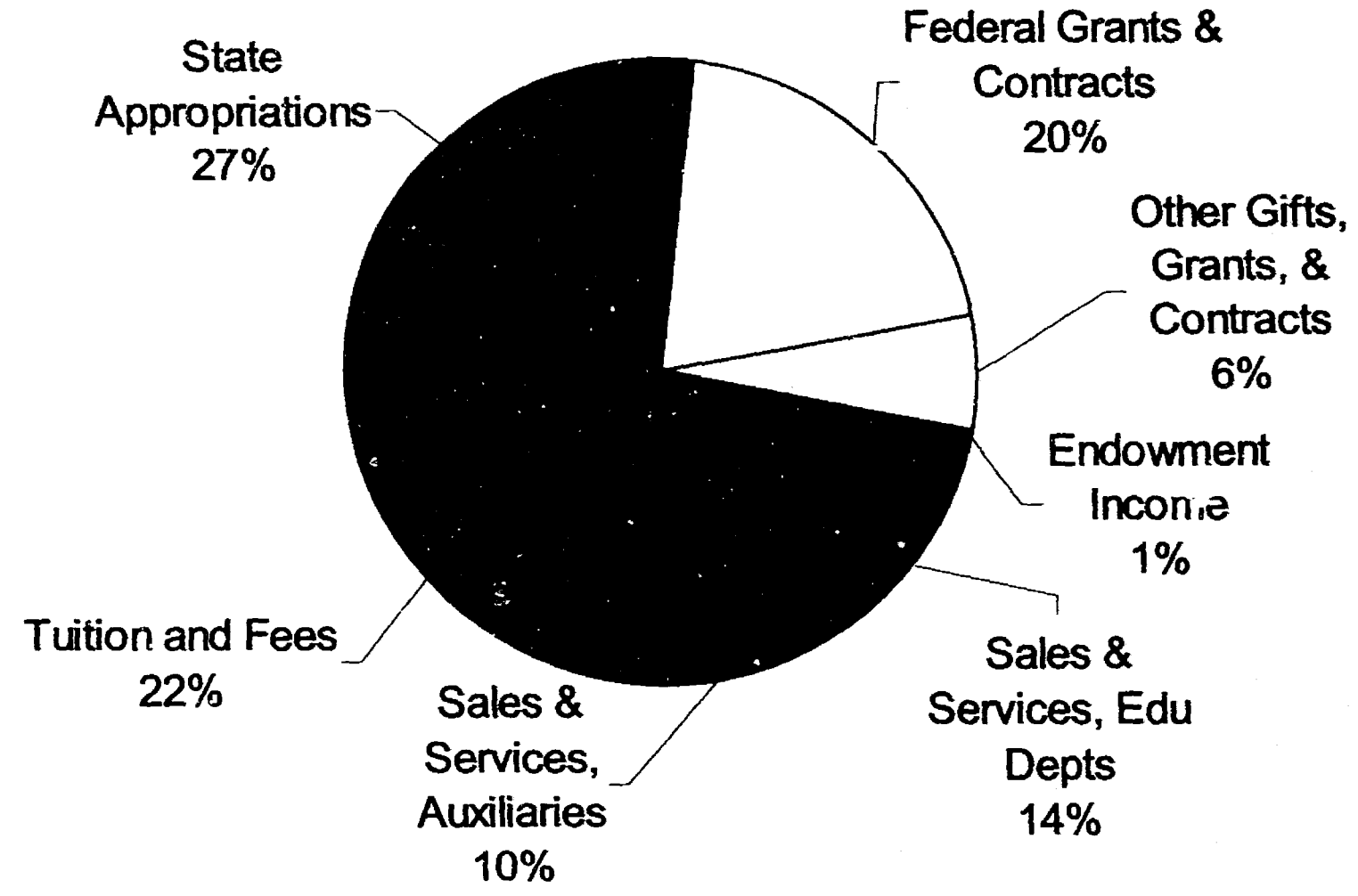
2001-03 Budget Status

(dollars in millions)

	UND 01-03	Medicine 01-03	Total 01-03
State General Fund	$106.0	$30.2	$136.2
Tuition	$66.0	$15.3	$81.3
Local/Grant Funds	$251.7	$49.7	$301.4
Total	**$423.7**	**$95.2**	**$518.9**

Revenue by Source 2001-2002



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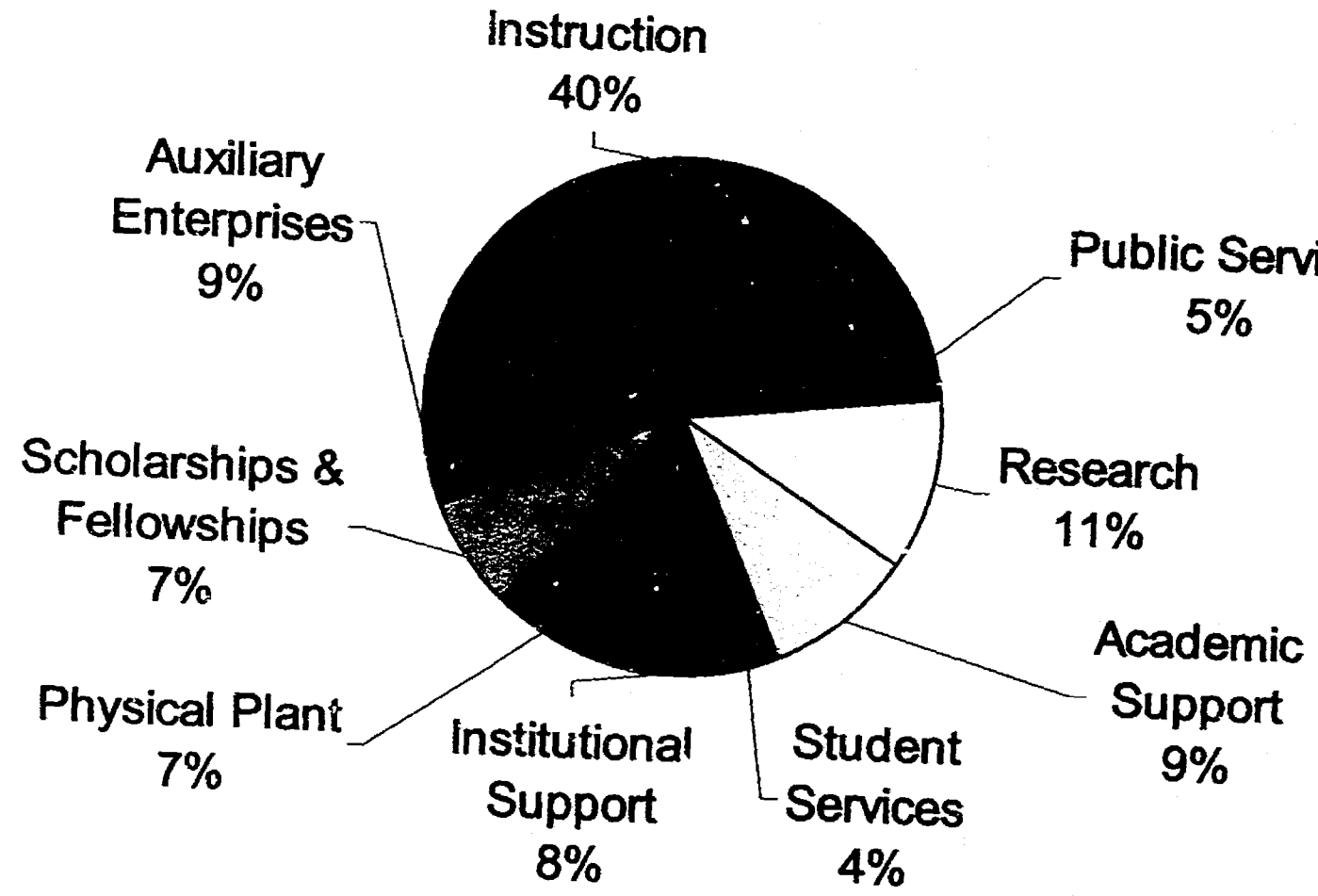
Expenditures by Function 2001-2002



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Benchmark Institutions

- Ohio University – Main Campus
- Southern Illinois University – Carbondale
- SUNY at Buffalo
- University of Louisville
- University of Missouri – Kansas City
- University of Nevada – Reno
- University of South Carolina at Columbia
- West Virginia University
- Wright State University – Main Campus

UND

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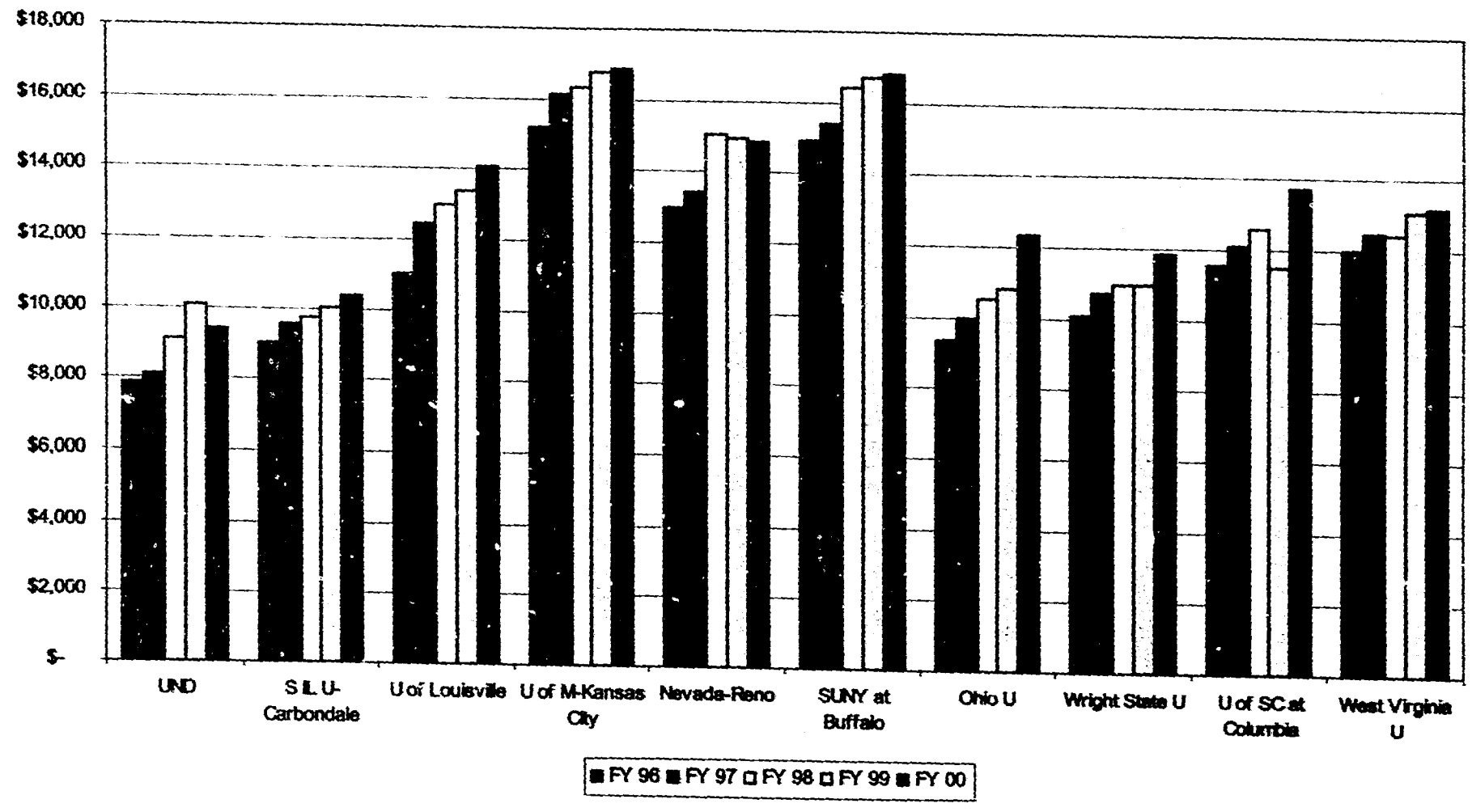
State Appropriations Plus Net Tuition/Fees per FTE Student – UND and Peer Institutions



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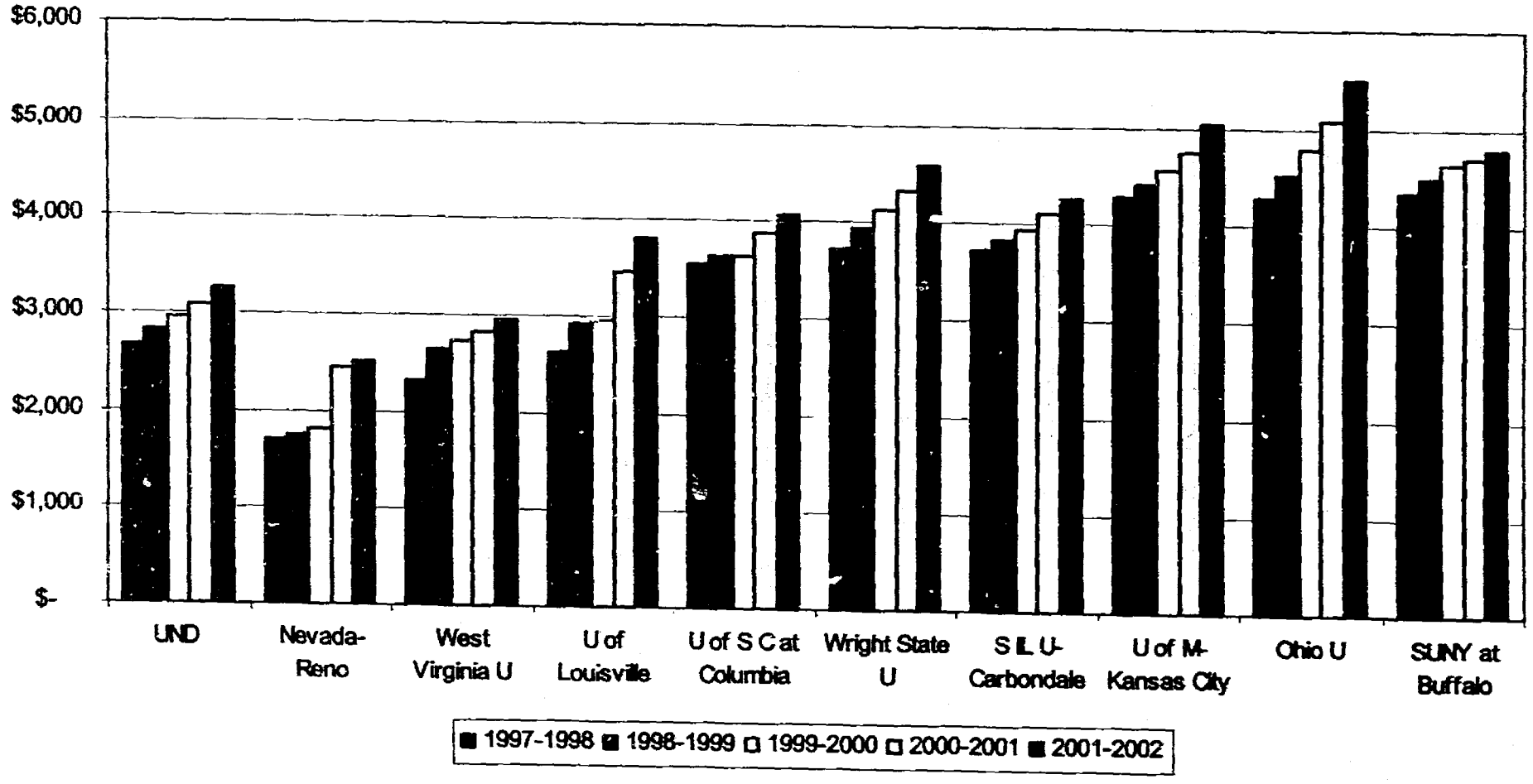
UND Undergraduate In-State Tuition and Fees Compared to Peer Institutions



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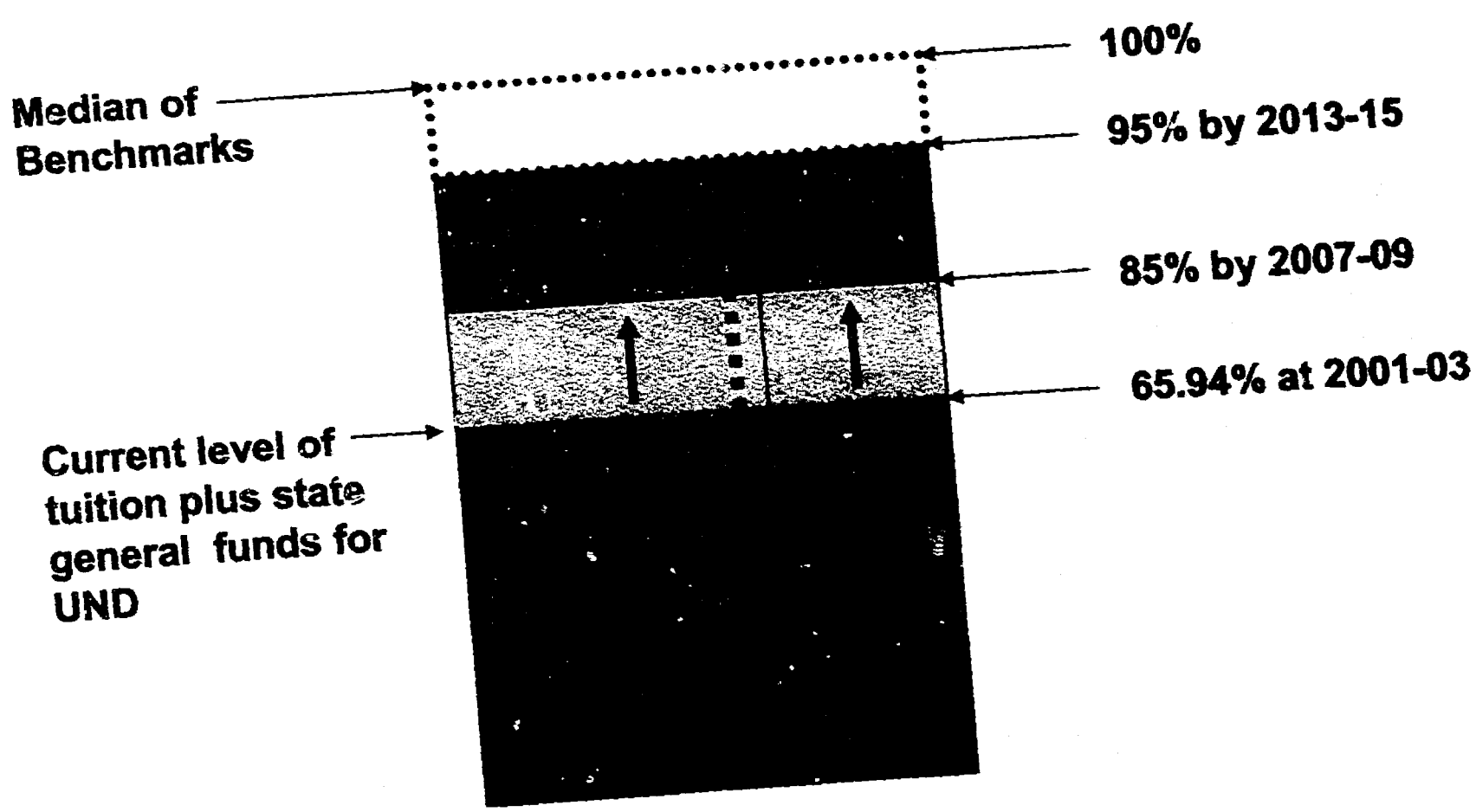
Long-Term Financing



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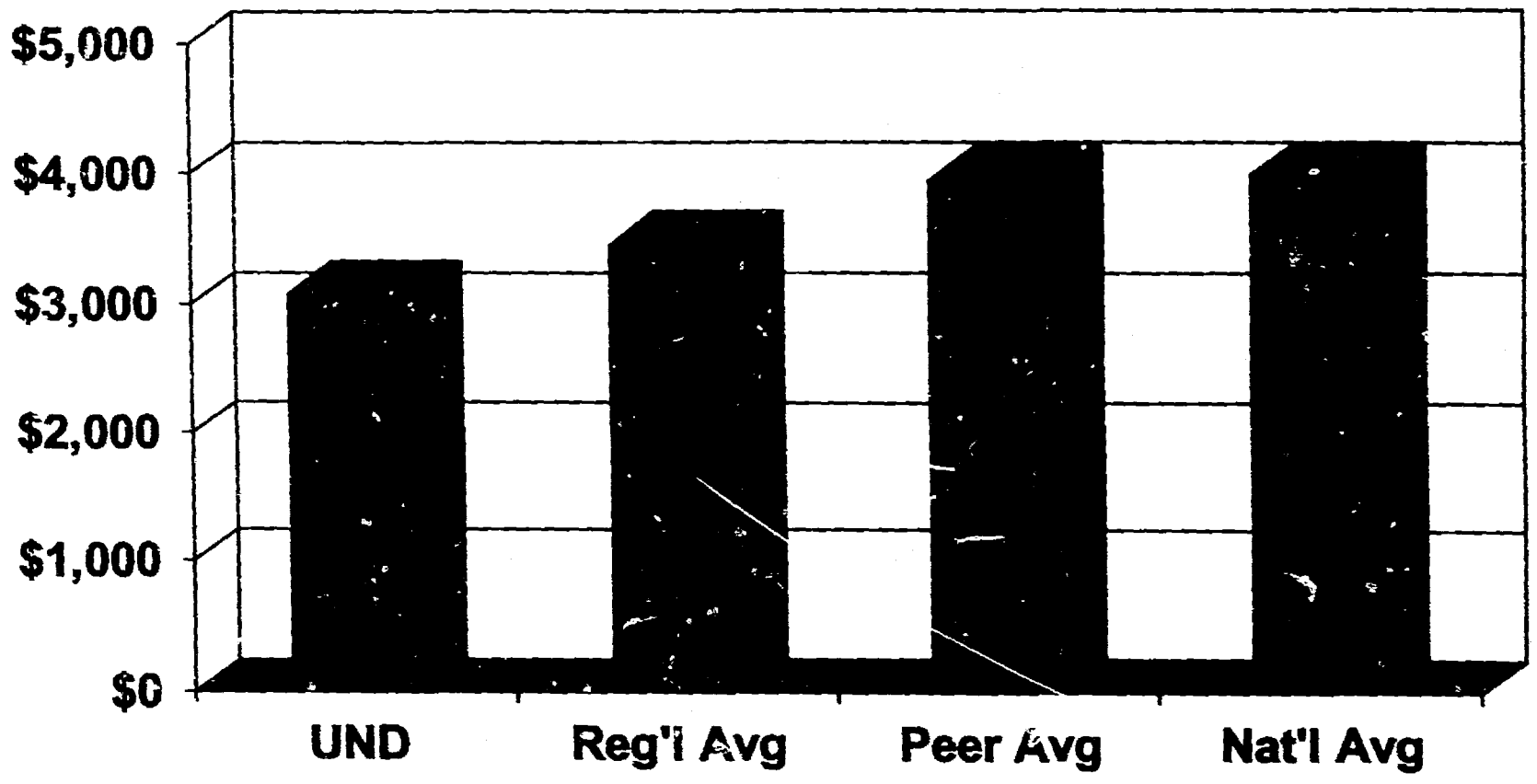
2000-01 Peer, Regional and National Tuition and Fee Comparison



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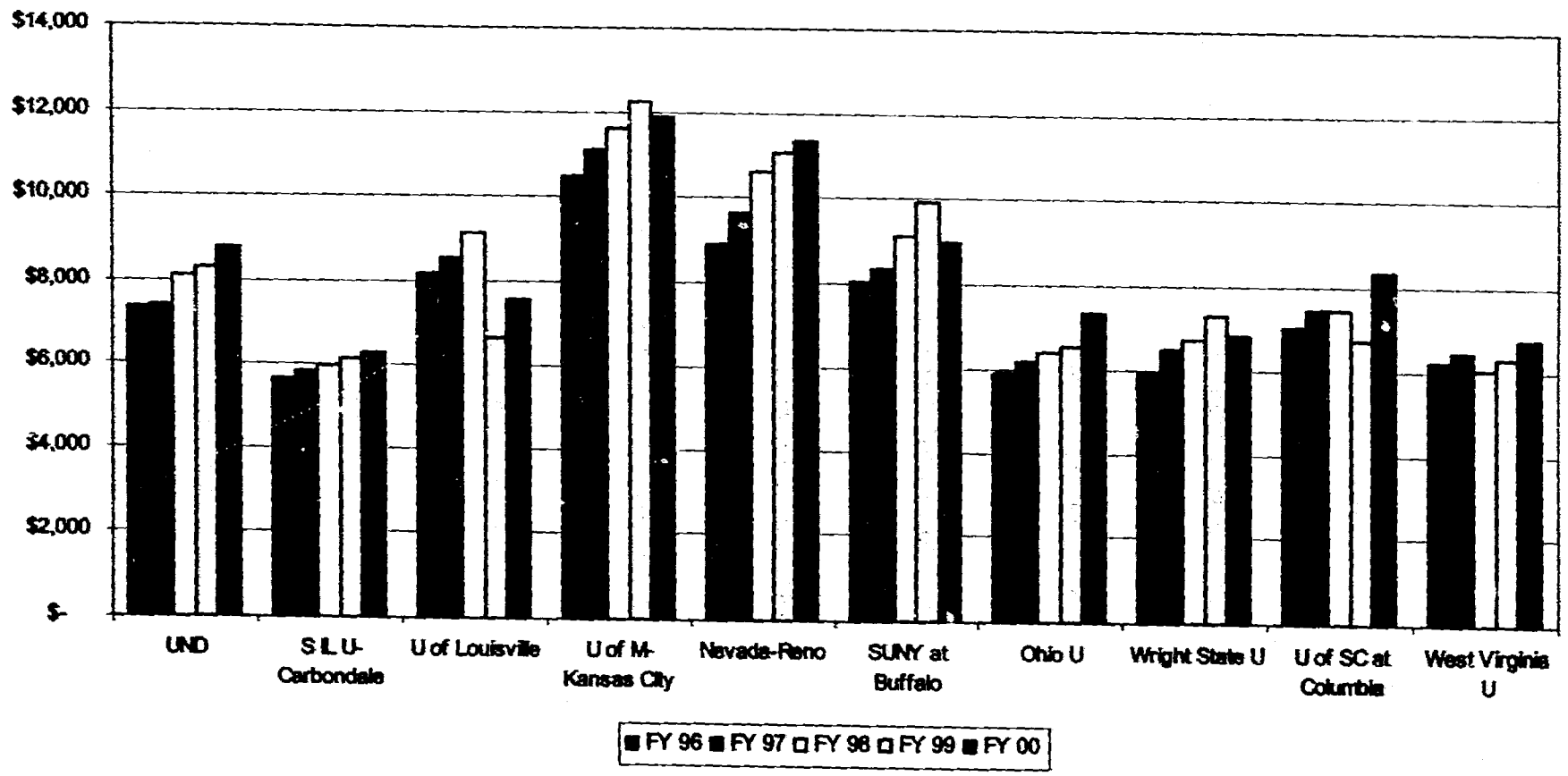
Instructional Expenditures per FTE Student – UND and Peer Institutions



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Pricing Principle #1

$$\text{Value} = \frac{\text{Quality}}{\text{Cost}}$$

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- High quality programs deliver high value in the marketplace.
- High quality programs can and should command higher tuitions.
- High quality programs can generate revenues to support general education and other University goals: open access, diversity and the like.
- Students should pay in some relation to the cost of providing service.

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Tuition vs. Residency

	2002-03 Undergrad Tuition Rate	Percent of Resident Tuition Rate	Fall 2002 Undergrad Enrollment	Percent of Undergrad Enrollment
Resident	$2,954	100.00%	5,373	52.28%
Nonresident	$7,887	266.99%	1,492	14.52%
Contiguous	$4,431	150.00%	449	4.37%
Minnesota	$3,396	114.96%	2,963	28.83%
			10,277	100.00%

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Committment to

Excellence

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First say to yourself

what you would be,

then do what you have to do.

- Epictetus

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Strategic Investments

- Inflationary Increases and Salaries
- Research Program Development and Support
- Additional Faculty
- Repair and Maintenance
- Information Technology
- Institutional Innovation/Program Development

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"Brains, like hearts, go where they are appreciated."

- Robert McNamara
Former U.S. Secretary of Defense

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Salary Comparison: UND to AAUP Faculty Salaries

(% Variance)

	1999-2000	2000-01	2001-02
Professor	-48.98%	-47.12%	-46.70%
Associate	-27.15%	-24.63%	-22.19%
Assistant	-23.99%	-19.70%	-18.12%
Instructor	2.76%	9.72%	2.30%

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Red River Valley

Research Corridor

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Centers of Excellence

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Tell Me And I Hear, But Later Forget

Show Me, I Remember

Involve Me And I Understand

-Adapted from a Chinese Proverb

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University of North Dakota and School of Medicine
Restoration Request Per SBHE Budget Priorities

UND

Cost to Continue	$ 5,163,745
Phase I-Long Term Financing (Operations)	$ 9,154,578
Phase I-Long Term Financing (Capital Assets)	$ 3,806,201
Subtotal	$ 18,124,524

School of Medicine

Cost to Continue	$ 1,364,090
Medical Liability Insurance	$ 1,850,000
Phase I-Long Term Financing (Operations)	$ 3,738,353
Subtotal	$ 6,952,443

Total **$ 25,076,967**

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Date

Capital Projects-Other Funds (2003-05) Requested and Included in the Executive Recommendation

Carnegie Library Renovation	$ 3,300,000
Squires Dining Center	1,500,000
Wellness Center	8,000,000
Neuroscience Research Phase II	$17,000,000
Native American Center	3,500,000
Athletic Complex	13,000,000
Airline Security Building	5,000,000
Airport Hangar	2,000,000
Total Other Funds	**$53,300,000**

UND

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Capital Projects-State Bonding

Requested and Included in Executive Recommendation
Repayment by Campus using resulting utility savings

Energy Improvement Program (HB 1023) **$1,951,214**

Requested and Not Included in Executi Recommendation
Request Approval of Funding Using Sta Bonding

O'Kelly Hall-Phase I **$3,500,000**

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University of North Dakota and School of Medicine Restoration Request Per SBHE Budget Priorities

UND

Reverse Transfer Included in HB 1003	$250,000
Restore Operations to Executive Budget Amount	$1,685,683
Fund Costs to Continue	$5,163,745
Total UND	$7,099,428

School of Medicine

Reverse Transfer Included in HB 1003	($250,000)
Restore Operations to Executive Budget Amount	$588,631
Fund Costs to Continue	$1,364,090
Total School of Medicine	$1,702,721

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Capital Projects-Other Funds (2003-05)
Requested and Included in Engrossed HB1003

Carnegie Library Renovation	$ 3,300,000
Squires Dining Center	1,500,000
Wellness Center	8,000,000
Neuroscience Research Phase II	$17,000,000
Native American Center	3,500,000
Athletic Complex	13,000,000
Airline Security Building	5,000,000
Airport Hangar	2,000,000
Total Other Funds	**$53,300,000**

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Capital Projects-State Bonding

Requested and Included in Executive Recommendation/Engrossed HB 1023

Repayment by Campus using resulting utility savings

Energy Improvement Program **$1,951,214**

Requested and Not Included in Executive Recommendation/Engrossed HB 1003

Request Approval of Funding (State Bonding)

O'Kelly Hall-Phase I **$3,500,000**

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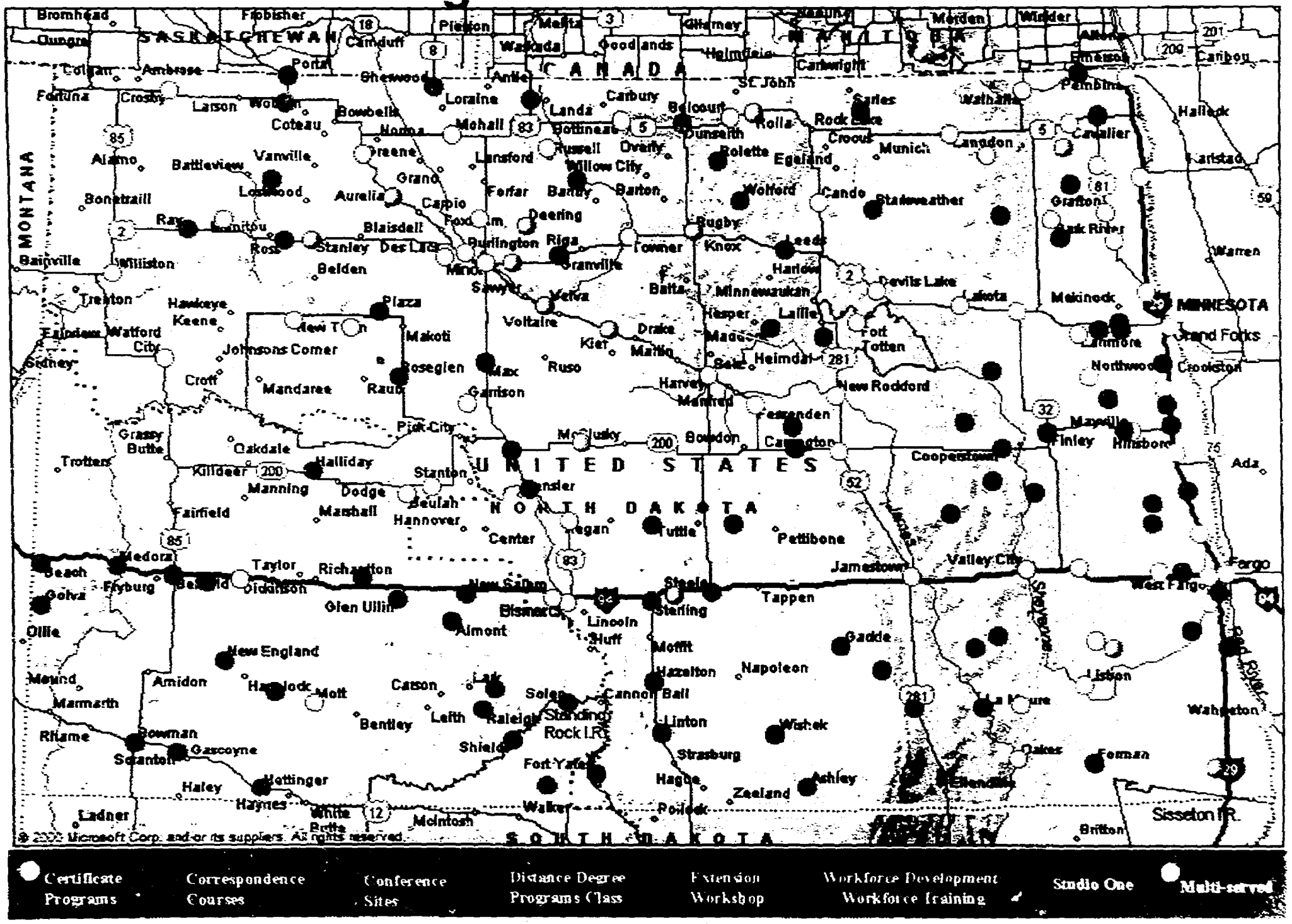
with following pages as the exception. The some testimony was given to the Senate as to the House

The University of North Dakota

Presentation to
The North Dakota Senate
Appropriations Committee
March 4, 2003

UND

UND's Continuing Education Serves North Dakota



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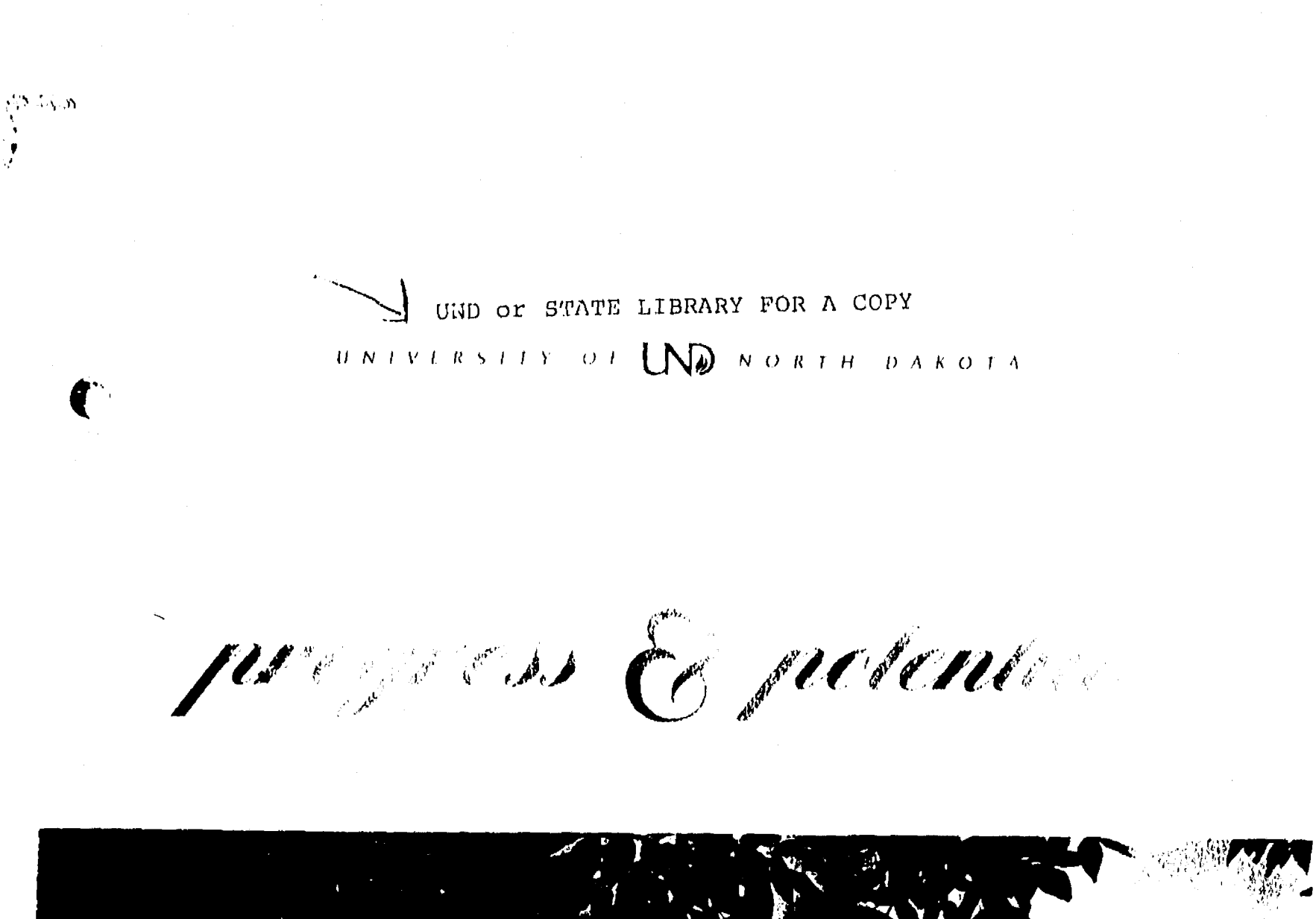
progress & potential



2002 PRESIDENT'S REPORT

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UNIVERSITY OF NORTH DAKOTA

DIMENSIONS

Needed: A stable base for supporting and growing higher education in North Dakota

By Charles E. Kupchella
President

Editor's note: The following article was adapted from Dr. Kupchella's Sept. 18 "State of the University" address.

North Dakota needs a real long-term financing plan for higher education, and increased tuition will likely have to be a significant part of it.

Former University of Minnesota President Mark Yudof and others have pointed out that state support of higher education as a function of personal income declined 30 percent nationwide between 1979 and 2000. Why has state support diminished, and why must we expect these trends to continue?

First, there are many other demands on state revenues. All or most are growing and seemingly impact wider constituencies than higher education. Second, as the overall national economy has lagged, revenues in most states have fallen even further.

Third, higher education has, in a sense, become "a victim of its own success." Legislators and others have much evidence that the personal return on education has increased significantly over the last three decades. Recent census data project that college graduates will earn an average of $1 million more than high school graduates over their careers. Those who go on to graduate training and/or professional training may earn $3 to 4 million more. With payback of this magnitude, it's easy to see why "consumers" of higher education could be expected to make more of an investment in their own futures.

As a result, tuition increases have had to make up some of the shortfall in state support. Governments may also have been more willing to cut higher education in times of fiscal stress because these institutions, unlike most state agencies, are perceived as having other significant revenue sources, such as federal grants, housing fees, private giving, etc.

Higher education's response has gone beyond tuition increases. Institutions have tried to become more efficient, but there are limits to what they can achieve. Not only is higher education unusually labor-intensive, it's *high-priced* labor-intensive. It is a complex enterprise with many expensive elements, ranging from technology for education and research to heat and other utilities and services for comfort and safety. But all institutions, whatever their missions and programs may be, must deliver one thing: quality.

In general, the traditional model of funding represented a "deal," or understanding, between states and higher education: that, in exchange for dollars, public universities would keep tuition low and yet provide broad access to get the largest possible percentage of the population educated.

The traditional model for securing funding was for each institution to line up support from its local legislative delegation and charge them to get as much as they could. The outcome could hinge on politics as well as merit.

However, current economic circumstances make these approaches less and less viable. Moreover, there is little evidence of any significant changes for state budgets and priorities in the near future. The model for public support of higher education must be reconsidered.

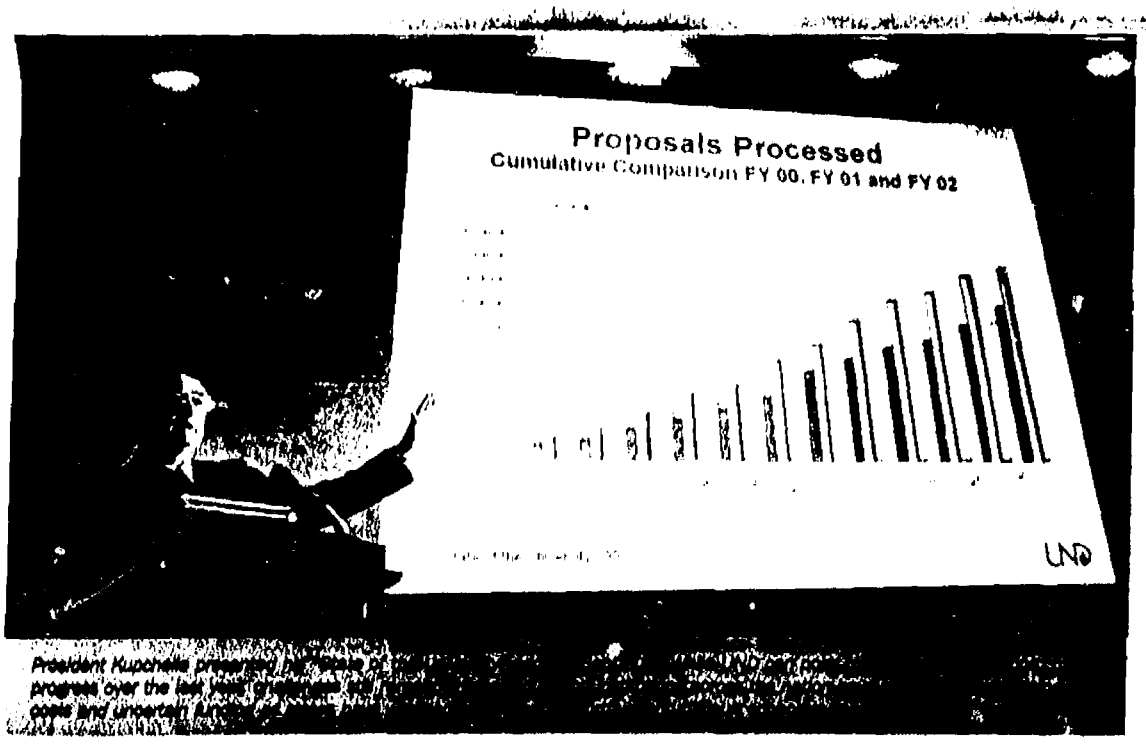
States should come to see support for higher education as an *investment*, rather than a cost. To that end, we should strive to describe and secure a stable *base* of public funding.

Support must be stabilized at a high-enough level to give higher education leaders a base from which to accomplish their missions, even through the use of a wide array of revenue streams. At the state level, this might entail higher taxes or even borrowing money during times of economic downturn.

States will have to devise financing plans and tie these to objectives and a description — or at least an understanding — of how each public institution fits into achieving state investment and economic development goals.

An old business saying holds that "It takes money to make money." Such a stable funding base will give higher education leaders leverage to pursue

(Continued on Page 7)



President Kupchella presents [illegible] progress over the last [illegible] gaps and uncertain [illegible]

In this issue:

Page 2 A "learning community" builds connections for success
Page 3 A century of precision measuring on the campus

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Opportunities for American Indians



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GRAND FORKS

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2001 - 2002

UND UNIVERSITY OF NORTH DAKOTA STRATEGIC PLAN

PATHWAYS TO THE FUTURE

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PROGRESS & POTENTIAL

THE STATE OF THE UNIVERSITY

SEPTEMBER 18, 2002

CHARLES E. KUPCHELLA,
PRESIDENT

UND UNIVERSITY OF NORTH DAKOTA

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O'KELLY HALL RENOVATION

General Funds: $3,500,000
Proposed Restoration - Major Capital Project Priority

- Renovation of O'Kelly Hall has been a capital project request and priority for UND in previous, current and next biennium.
  Renovation of O'Kelly Hall will greatly reduce the University's deferred maintenance liability by replacing aging mechanical equipment, doors, windows, and the roof.
- This project will provide modern, energy efficient space for a number of University programs including Social Work. Social Work is one of the University's most dynamic departments granting both graduate and undergraduate degrees. In addition, Social Work attracts a substantial amount of grant funding by providing outreach services to the community, region, and state.
- Relocating the Social Work department to O'Kelly Hall will greatly reduce the current congestion created by two departments sharing the limited space available in Gillette Hall.
- Renovation of O'Kelly Hall can be conducted in several phases, with the first phase completing the critical mechanical updates.
- Once the first phase of renovation is complete, smaller projects can be completed on a room-by-room basis as budgets allow. This flexibility is provided by the first phase mechanical upgrade that provides the necessary HVAC foundation that will be sized for the entire building. As funding becomes available, small-scale renovation projects can be completed without significant investments in the expensive A/C and heating components that are required by building codes. As a result, the remaining renovation plan can be completed over a number of years without affecting the existing facility.
- Renovation of O'Kelly Hall will provide the University with modern instructional and research space that will **NOT** increase the total maintenance area. As a bonus, the deferred maintenance liability for the campus will be significantly reduced as modern windows, doors, mechanical equipment, and roof are installed that require fewer repairs and operate at a higher level of energy efficiency.
- A complete program and estimate for O'Kelly Hall has been prepared that identifies the basic program uses and estimates the total cost of renovation. This project has received a significant planning effort that defines scope of work, floor plans, occupants, and space assignments. In addition, O'Kelly Hall will retain its historical integrity while providing modern, efficient space.
- Renovation of O'Kelly Hall is one of the first steps in rejuvenation of the campus core. A master plan is being developed that identifies the specific needs of each building in this area.

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O'KELLY HALL RENOVATION
PROGRAM OVERVIEW

INTRODUCTION

Renovation of O'Kelly Hall is the University of North Dakota's number one capital project priority. Improvements to this facility are key elements in the University's master plan for physical growth. This report is intended to provide State lawmakers with detailed information regarding the specific programming for renovating O'Kelly Hall. Please refer to the attached drawings for additional information on proposed uses of this facility.

MASTER PLAN INTEGRATION

O'Kelly Hall has been constructed in three phases over the past sixty years. It retains a tremendous structural integrity, and provides the University with a very economical platform for interior renovation. Because of its prime location at the center of campus, a renovated O'Kelly Hall can provide the University with a full-featured, modern instructional facility that is readily accessible to the greatest number of students enrolled in the broadest range of classes. As a result, renovating this facility has the added bonus of reducing transportation problems and campus congestion by concentrating additional classes in a common locale.

PEDESTRIAN WALKWAY CONNECTIONS

Renovating O'Kelly Hall will provide the University with the ability to further extend its building connection system as funds become available. This plan calls for the pedestrian linkage of core-campus buildings to provide students with a means to travel between classes in safety and comfort. This type of asset is an important recruitment marketing tool for northern tier campuses that are targeting students from regions with a more temperate climate.

RENOVATION PROGRAM DETAILS

Upgraded Mechanical Systems

O'Kelly Hall currently uses steam radiation for heating and window air conditioners for the majority of cooling needs. This type of configuration is very inefficient, and provides limited fresh air resulting in poor indoor air quality. A primary goal of this renovation project is to establish a scalable mechanical system foundation that will provide modern heating and cooling systems for this structure. In addition, the controls for this system will be linked to our campus-wide building automation system that will monitor air quality, temperature, and regulate the building functions based on occupancy.

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Updated Electrical and Communication Systems

Mature campus buildings such as O'Kelly Hall have insufficient electrical and communication infrastructure to support the needs of today's modern technology. Providing sufficient electrical power for computers and other new-age devices is included in the renovation program. In addition, the construction will include the latest in telecommunication technology infrastructure, providing this facility with state-of-the-art network capacity.

Energy Efficient Windows and Entrance Doors

This project will include the installation of new, energy-efficient entrance doors and windows in the Ireland wing of O'Kelly Hall. In addition, plans call for the construction of a new ADA-compliant exterior entrance that will provide easy access for those individuals with impaired mobility. As funding becomes available for additional large- or small-scale renovation in this facility, the same energy-efficient doors and windows will be installed.

SUMMARY

Because the renovation of O'Kelly Hall is a critical component in the successful growth of the University, we have placed considerable effort in researching and planning the most functional program use for this space. As a result, we sincerely believe this project will provide the University and the State of North Dakota with the strongest return on its substantial investment. Although the primary objective is educational quality, this renovation will also deliver reduced deferred maintenance liability, improved environmental quality, and enhanced recruitment marketing ability.

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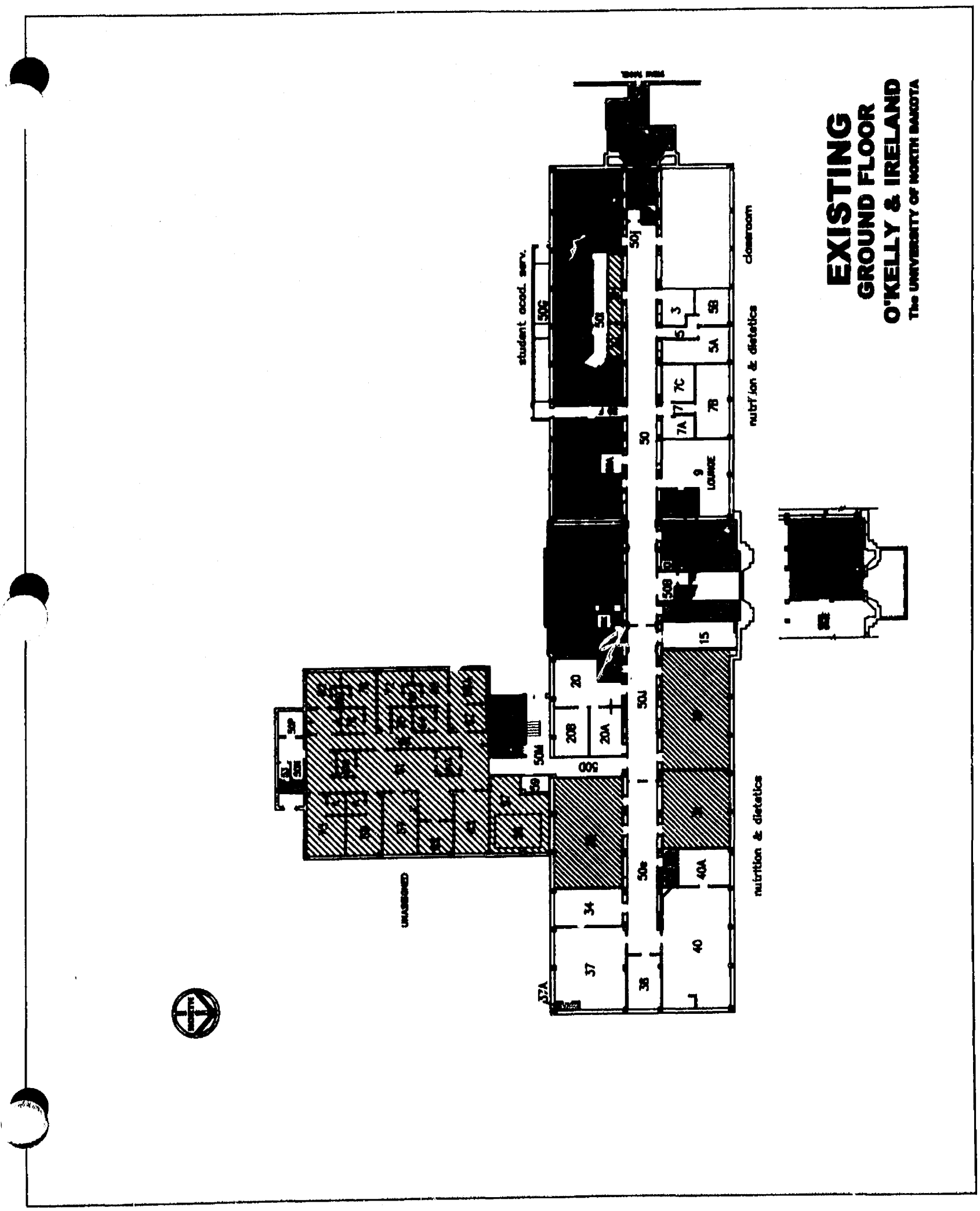
Date



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LaCosta Rickford
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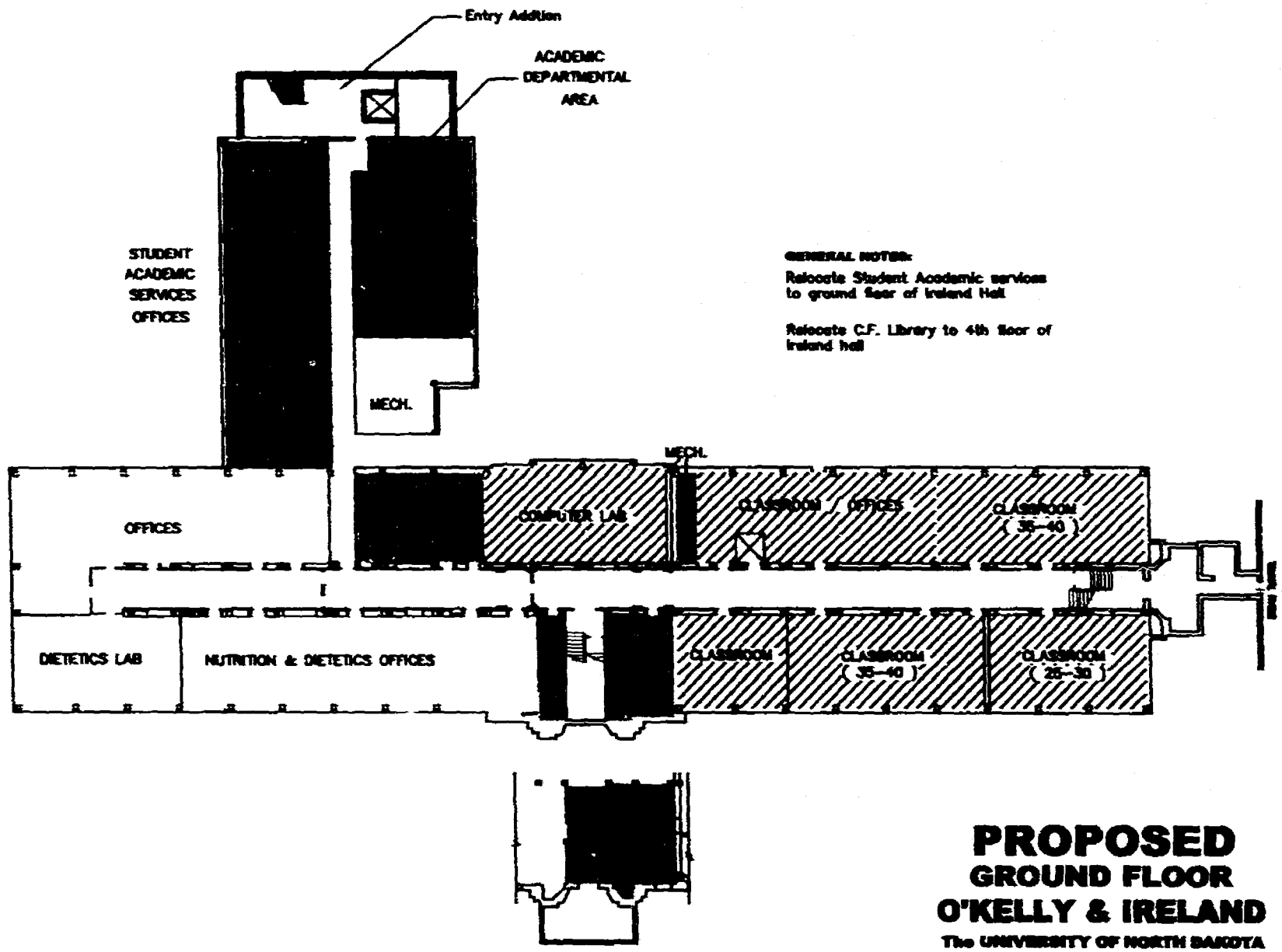
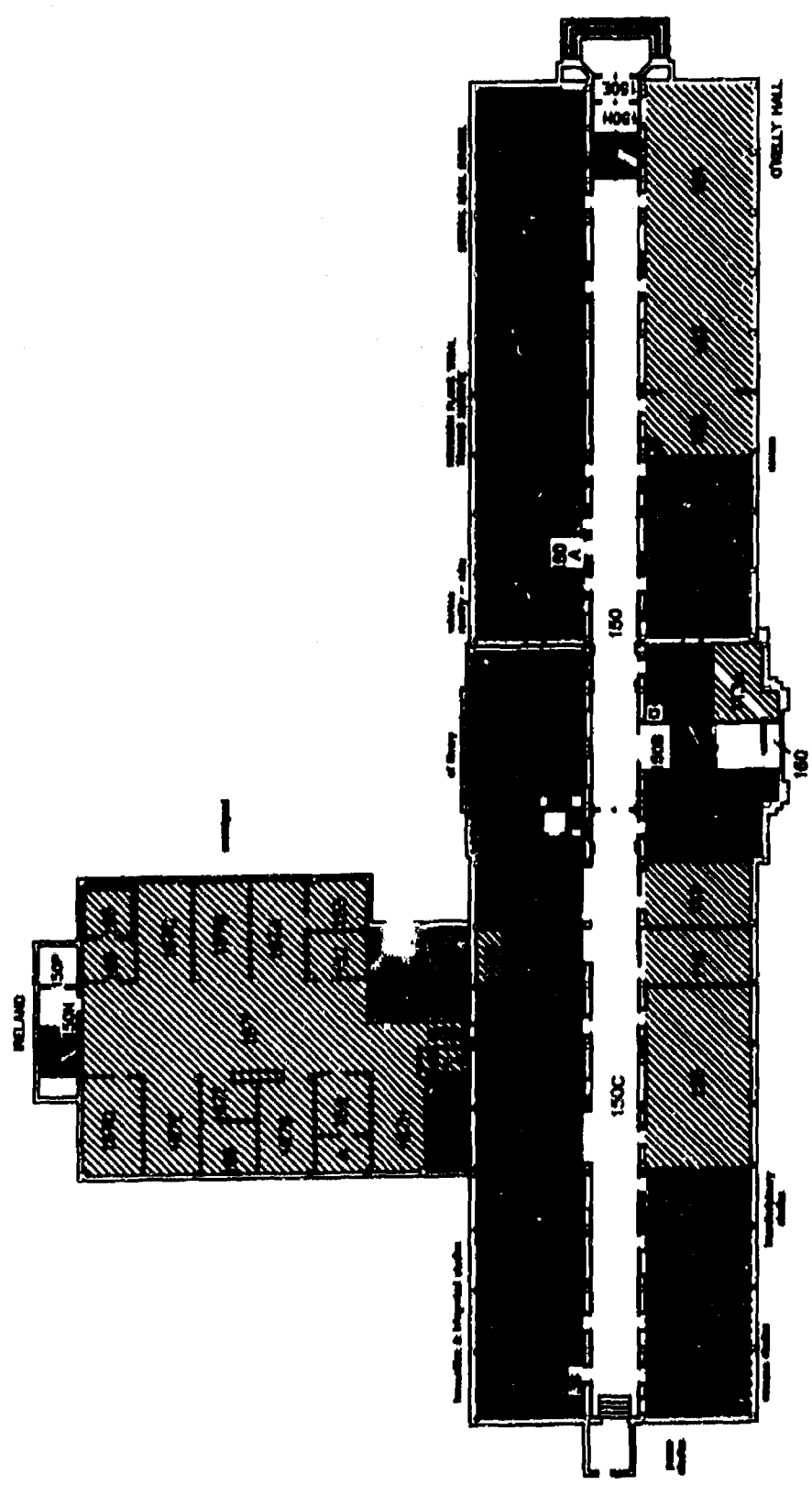


EXISTING
FIRST FLOOR PLAN
O'KELLY & IRELAND
The UNIVERSITY OF NORTH DAKOTA



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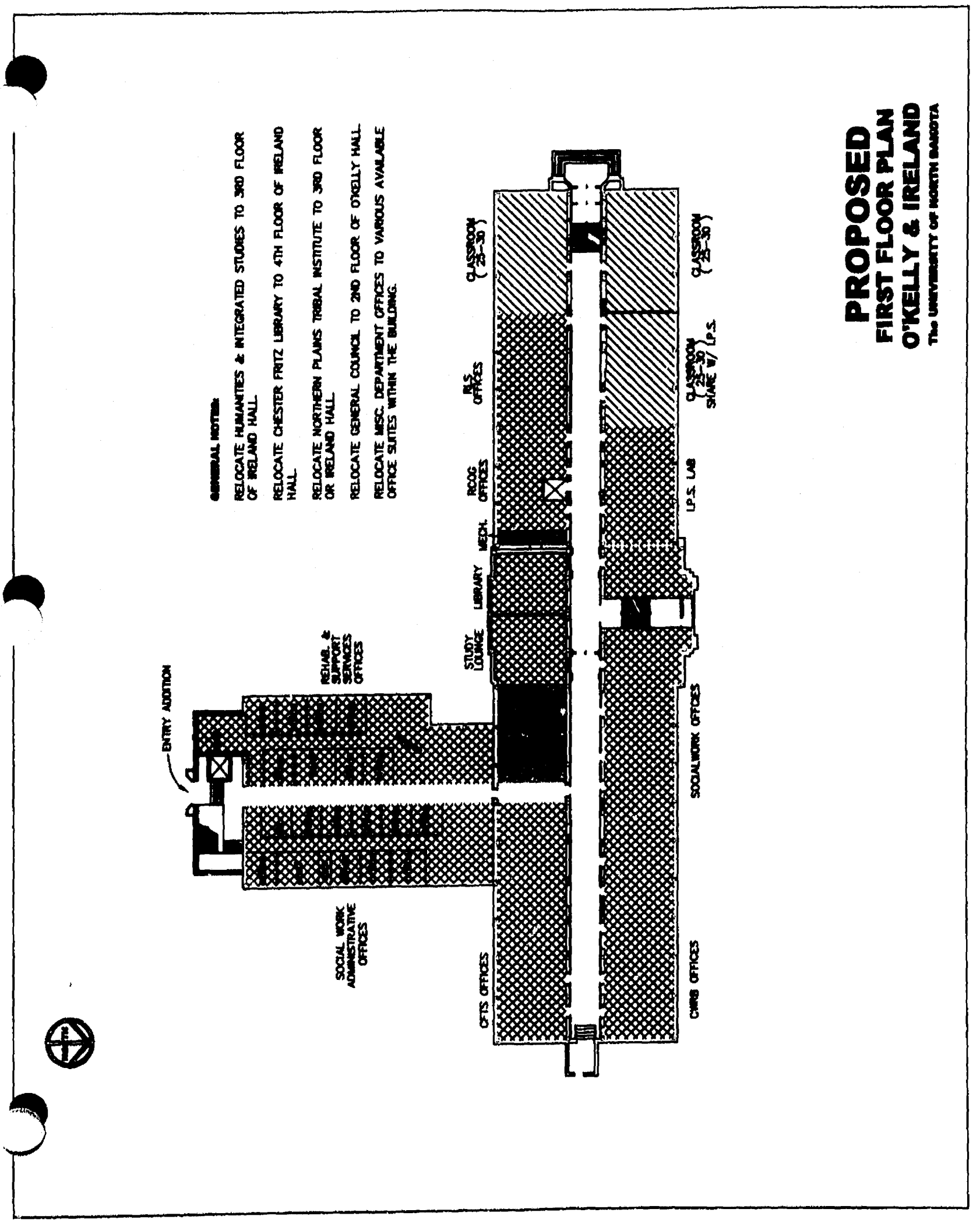
LaCosta Richford
Operator's Signature

9/30/03
Date

PROPOSED
FIRST FLOOR PLAN
O'KELLY & IRELAND
The UNIVERSITY of NORTH DAKOTA



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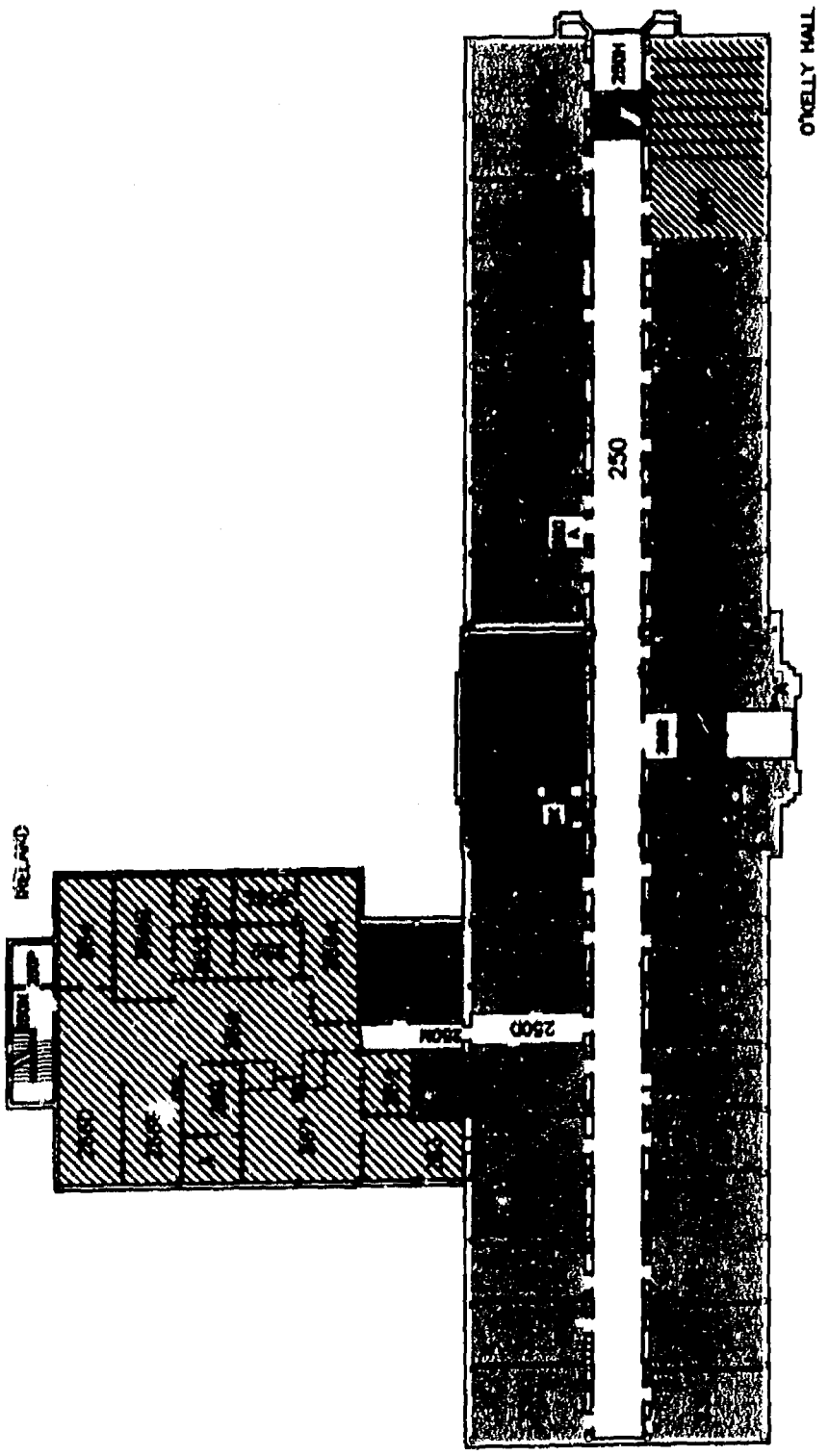
LaCosta Rickford 9/30/03
Operator's Signature Date

EXISTING
SECOND FLOOR PLAN
O'KELLY & IRELAND
The UNIVERSITY OF NORTH DAKOTA



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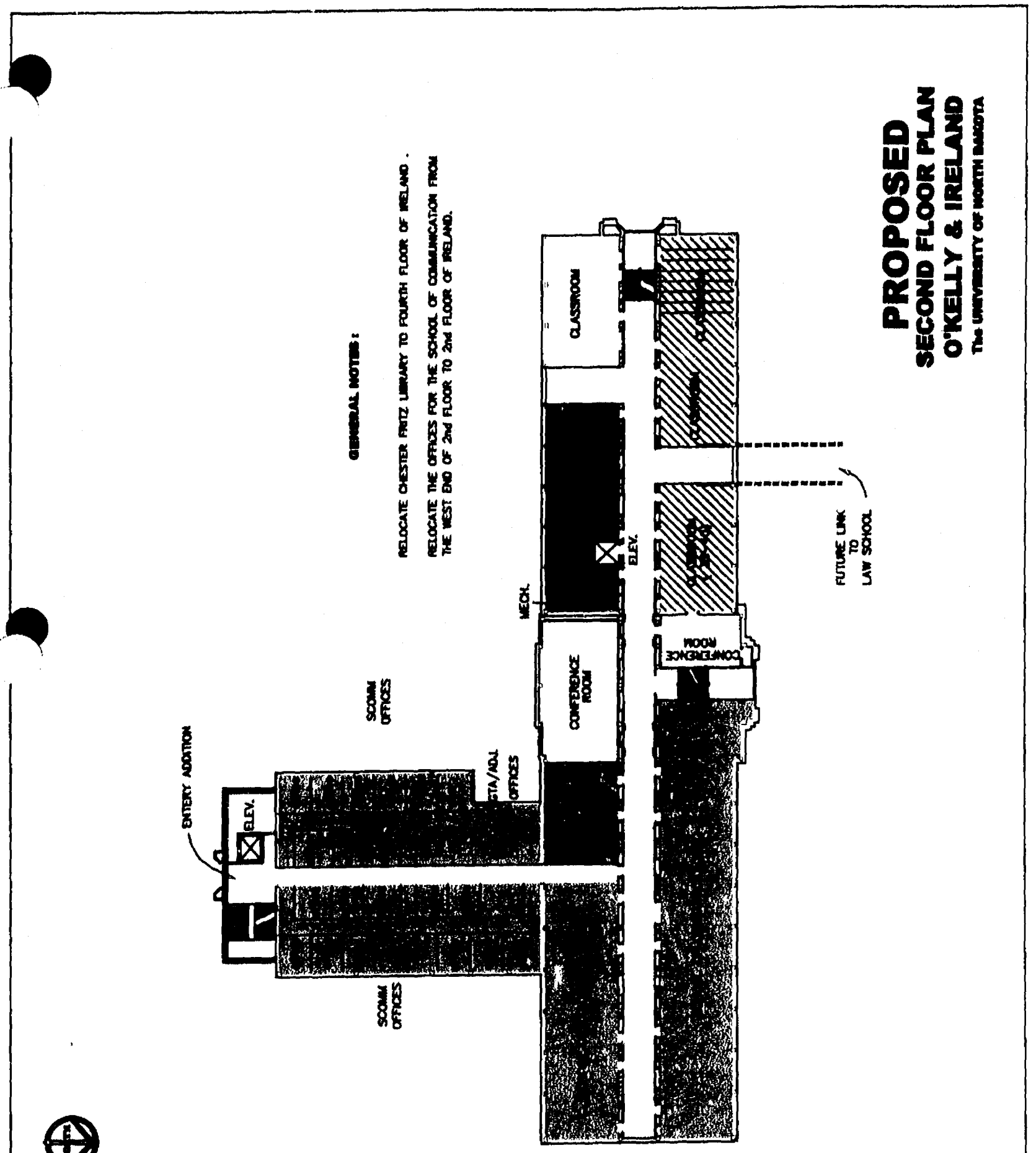
9/20/02
Date

PROPOSED
SECOND FLOOR PLAN
O'KELLY & IRELAND
The UNIVERSITY OF NORTH DAKOTA



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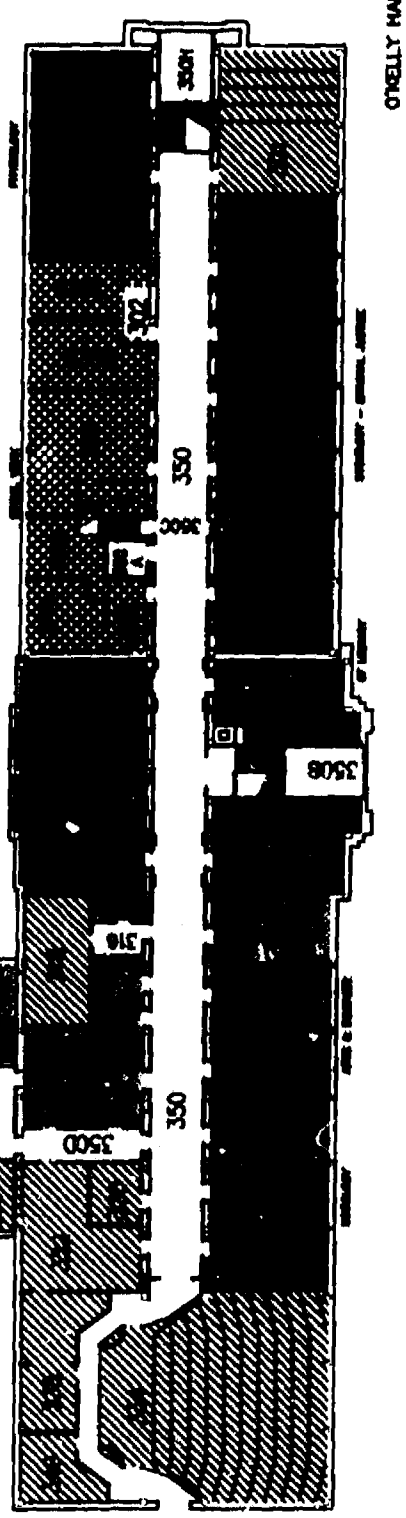
9/30/03
Date

EXISTING
THIRD FLOOR PLAN
O'KELLY & IRELAND
The UNIVERSITY OF NORTH DAKOTA



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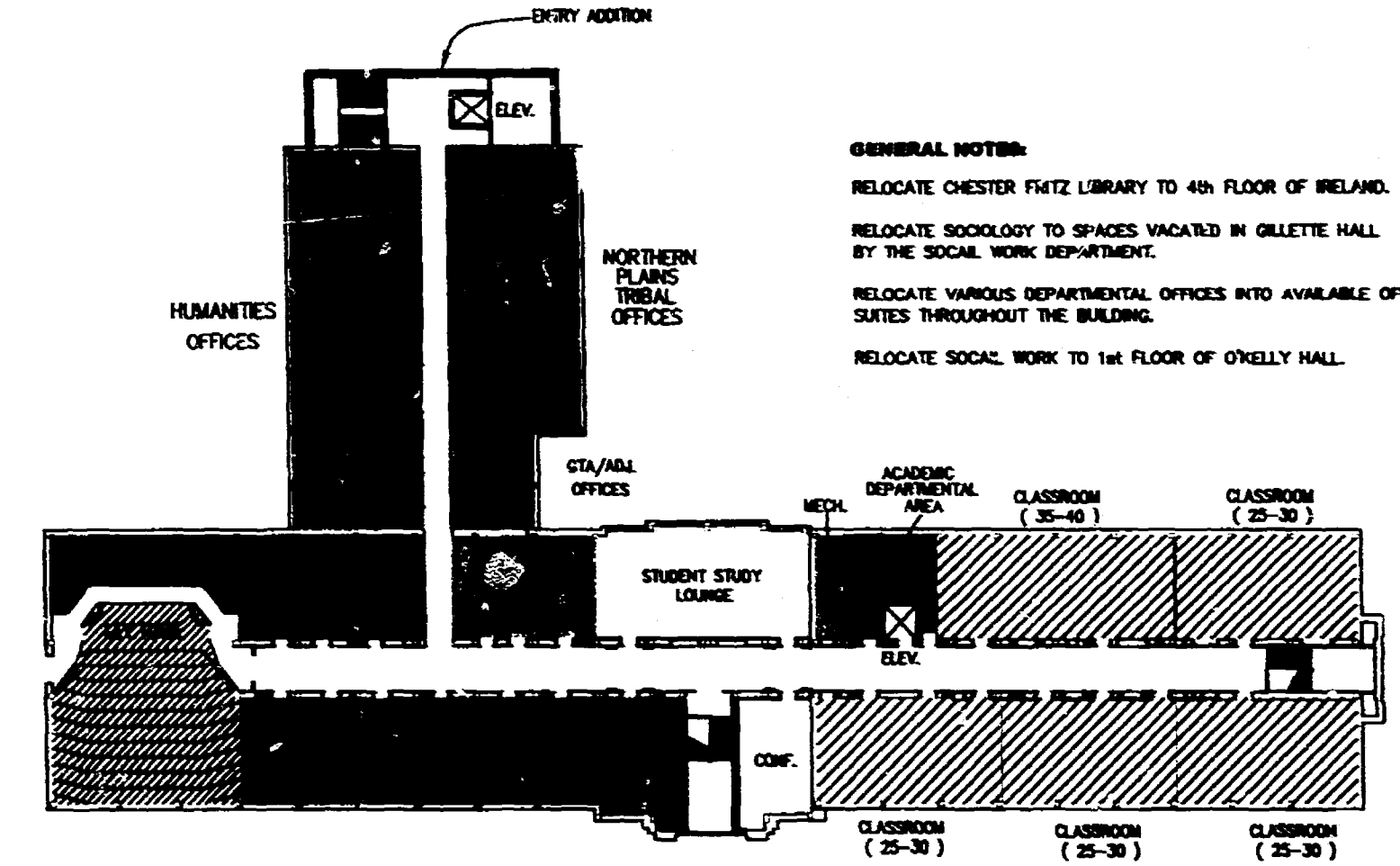
LaCosta Rickford 9/30/03
Operator's Signature Date



GENERAL NOTES:

RELOCATE CHESTER FRITZ LIBRARY TO 4th FLOOR OF IRELAND.

RELOCATE SOCIOLOGY TO SPACES VACATED IN GILLETTE HALL BY THE SOCAIL WORK DEPARTMENT.

RELOCATE VARIOUS DEPARTMENTAL OFFICES INTO AVAILABLE OFFICE SUITES THROUGHOUT THE BUILDING.

RELOCATE SOCAL WORK TO 1st FLOOR OF O'KELLY HALL.

PROPOSED
THIRD FLOOR PLAN
O'KELLY & IRELAND
The UNIVERSITY OF NORTH DAKOTA

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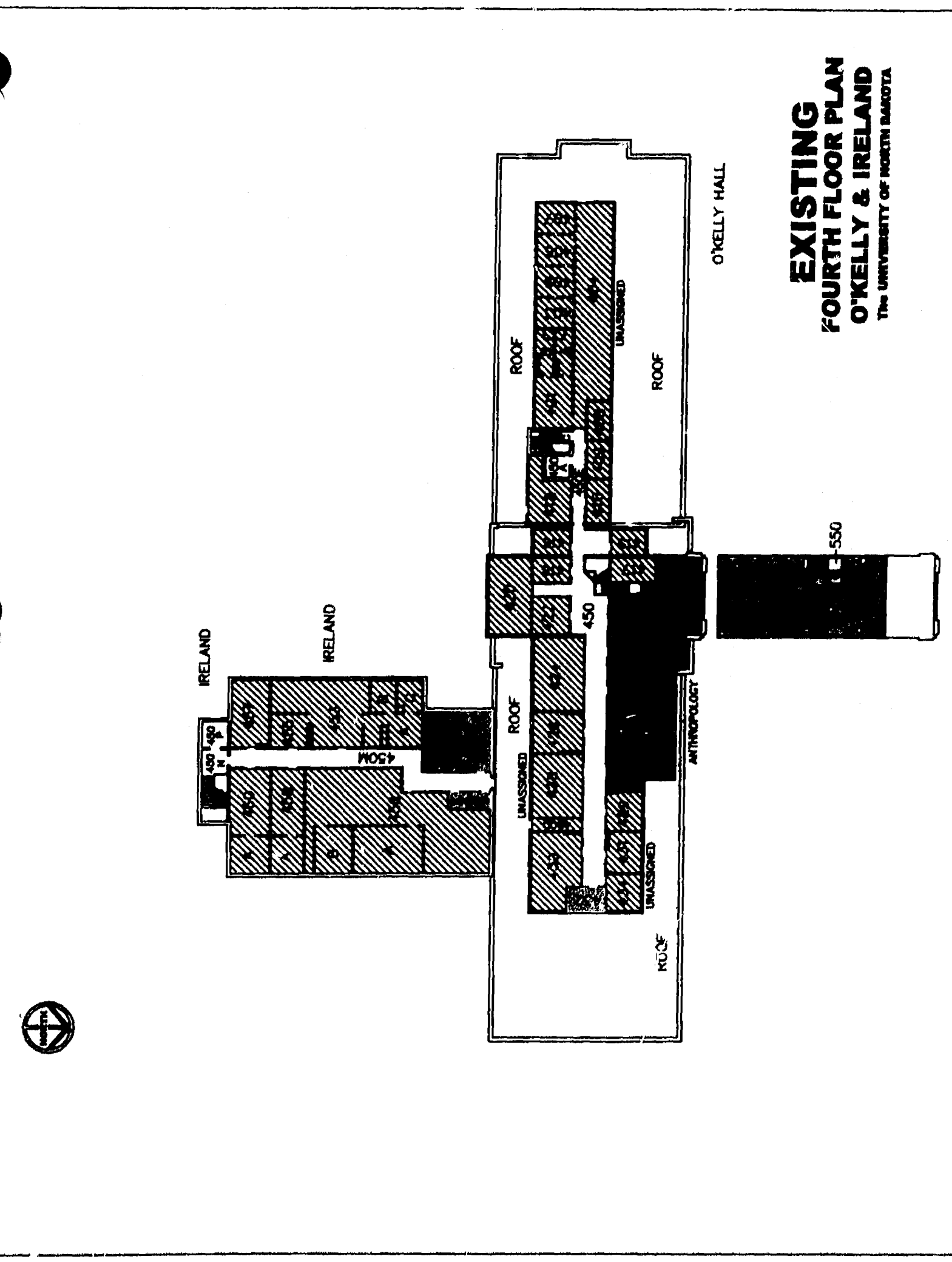
Operator's Signature

9/20/03
Date

EXISTING
FOURTH FLOOR PLAN
O'KELLY & IRELAND
The UNIVERSITY OF NORTH DAKOTA


O'KELLY HALL
ROOF
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ROOF
IRELAND
IRELAND
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450
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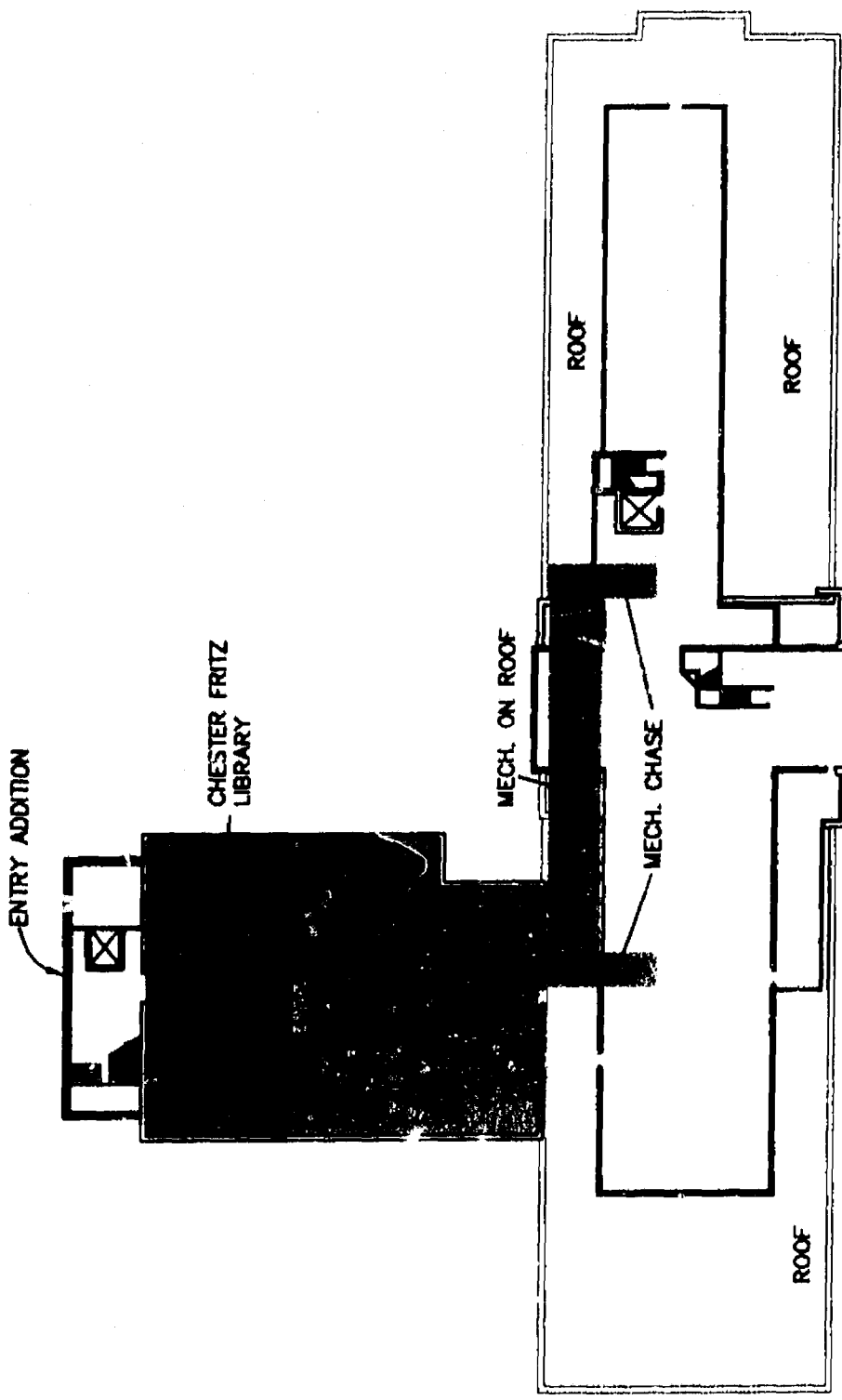

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Operator's Signature

9/22/03
Date

University of North Dakota
October 4, 2002

2001-03 Deficiency Appropriation Request-1997 Flood

Deficiency Appropriation Summary (Cumulative):	
• 10% Cost Share	$4,422,572
• Interest on Bank Loan	1,851,636
• Labor Charges not reimbursed by FEMA	845,480
• Service and Supply Charges not reimbursed by FEMA	37,776
• Disaster Grants Management Consultant (DMG Maximus)	745,844
• Simulated Flood Insurance Deductions	6,335
• Sewer Line Videotaping	176,996
• Other FEMA Ineligible	390,318
1997 Flood Expenditures-Total Estimated Deficiency	$8,476,957
Amount Funded in 1997-99 and 1999-2001 (SB2026/HB1026)	$7,283,811
Net Estimated 2001-03 Deficiency	$1,193,146

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LaCosta Rickford 9/30/03
Operator's Signature Date

University of North Dakota
October 4, 2002

University of North Dakota - Flood Recovery Update
2001-03 Deficiency Appropriation Request

- **Deficiency Appropriation** (Attachment 1)

The net estimated 2001-03 deficiency appropriation request as of September 27, 2002 is $1,193,146. All flood related projects have been completed and efforts are now focused on the FEMA close out and payment process.

- **Bank of North Dakota Loan**

The current loan balance is $5,331,654. Interest costs on the loan will continue to accrue until final payments are received from FEMA and insurance. An estimate of interest costs to 6/30/03 have been included in this request.

- **Flood Insurance**

Flood Insurance Summary:
Since all Disaster Survey Reports (DSRs) have not been closed out, the insurance amounts may vary depending on the final closeout. The total insurance received from all sources to date is $6,426,778.

North Dakota Fire and Tornado: There are unresolved insurance coverage issues between FEMA and North Dakota Fire and Tornado. This involves interpretation of coverage as it relates to ordinance of law and extra expense. The total disputed amount is $647,610.

- **Arbitration**

Lunseth Plumbing and Heating Co. v. North Dakota State Board of Higher Education:
On or about May 29, 2002, pursuant to a contract between the North Dakota State Board of Higher Education (on behalf of the University of North Dakota) and Lunseth Plumbing and heating, Lunseth commenced an arbitration seeking payment for work performed as part of Phase I of UND's steam distribution system restoration project. Lunseth claims an unpaid balance in excess of $4,339,000.

On June 19, 2002, UND filed a response and asserted counterclaims based on untimely and defective work performed by Lunseth. UND also brought motion to dismiss based on lack of jurisdiction.

Arbitrators have been appointed. The parties have agreed to put the arbitration on hold pending Lunseth's submittal of its final claims to UND on September 30, 2002 and the ultimate response by the Federal Emergency Management Agency (FEMA). UND has

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agreed to submit these claims to the State of North Dakota's Emergency Management and FEMA without comment. It is hoped that some of the issues can be resolved in this manner.

The normal procedure for paying such claims is for UND to pay the contractor; for the State to reimburse UND for the 90 percent of the claimed amount; and for a review by the State and FEMA to occur. If all documentation is appropriate and the claim is accepted, no adjustment is made to UND's payout from the State. If the claim is rejected, the money the State provided to UND for the claim is withdrawn.

In this case, UND is not paying the money to Lunseth but into an escrow account at the Bank of North Dakota. The rest of the procedures are being followed. If the claim is accepted, UND will then release the money to Lunseth.

In addition to these claims, Lunseth has alleged negligence on the part of UND, its Architect, EAPC, and its Construction Manager, Barton Malow, and has demanded damages.

The arbitration date and UND's exposure have not yet been determined.

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LaCosta Rickford 9/20/03

Operator's Signature Date

University of North Dakota - Flood Recovery Update: Attachment 1
Deficiency Appropriation Summary - Flood 1997
Narrative Description of Amounts in Deficiency Appropriation Summary

1. **10% Cost Share**: FEMA funding will cover approximately 90% of the University's eligible recovery costs for permanent repairs. Based on the University's projected FEMA recovery as of 9/27/02, the state's cost share is estimated to be $4,422,572. Of this total, $4,368,697 was funded through deficiency appropriations for 1997-99 and 1999-2001. **The remaining $53,875 is included in the total to be submitted for deficiency funding for the 01-03 biennium.** The total amount may increase (or decrease) based on the level of funding that is recovered from FEMA and/or through insurance.

2. **Interest on Bank Loan**: Interest expense estimated to accrue on the loan with the Bank of North Dakota to June 30, 2003 is $1,851,636. Of this total, $330,059 was paid through the 97-99 deficiency appropriation and $1,212,808 was paid through the 1999-2001 deficiency appropriation leaving an **unfunded balance of $308,769 which has been included in the 2001-03 deficiency request.** The current loan balance is $5,331,654. Interest will continue to accrue until sufficient cash is received from FEMA and insurance to pay off the loan. The uncertainty of timing and amount of payments to be received from insurance and/or FEMA present significant challenges in estimating the total interest cost that may accrue over the life of the loan.

Interest costs beyond those funded in the 2001-03 deficiency funding would be requested as a future deficiency appropriation.

3. **Labor Charges not Reimbursed by FEMA**:

A. The University incurred **$419,772** in administrative leave payments during the period that the University was closed. These costs are not eligible for FEMA reimbursement. These costs are related to 4 DSR's that FEMA wrote to cover campus wide emergency response and debris removal and were directly identified to the flood funds anticipating FEMA reimbursement. Salary costs for which alternative sources of funds were available (grant, contract, other appropriated) were excluded from this amount. The total University payroll for the period that the institution was closed is estimated at about $7.5 million.

B. The University of North Dakota utilizes costing methods in its Facilities and Telecommunications departments which are consistent with generally accepted accounting principles and qualify for reimbursement by all federal agencies except FEMA. FEMA operates under a different set of regulations which provide for reimbursement of actual cost, not recognizing the concept of average rates commonly used for recharge centers. Based on labor costs identified through September 23, 2002 for flood recovery projects, $403,374 ($390,869 for Facilities and $12,505 for Telecommunications) does not qualify for reimbursement by FEMA. The $403,374 has been reduced by $55,662 for a **net total of $347,712**. This reduction removes the costs associated with buildings identified as auxiliary (housing and dining) and is consistent with the reduction made in the funding provided in SB2026 for the 97-99 deficiency.

C. In the initial deficiency request presented to the Board in September, 1998, the University

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requested funding for straight time labor worked during the University closure in the amount of $64,379. FEMA had disallowed the payment and the University was pursuing the issue through the appeal process. Since the appeal was pending, the Board did not include this amount in the 97-99 deficiency request. The appeal process resulted in the disallowance standing. Therefore, **this amount is now included in the deficiency request for 2001-03 in the amount of $77,996.**

Prior period deficiency funding of $654,431 has been applied against the net labor charges not reimbursed by FEMA of $845,480 for an unfunded total of $191,049.

4. **Service and Supply Charges not Reimbursed by FEMA**: FEMA will not pay the overhead charges applied to inventory items. Based on inventory items identified through September 23, 2002, the difference between the recharge inventory amount and the amount to be recovered from FEMA is **$37,776** ($34,891 for Facilities and $2,885 for Telecommunications). **Deficiency funding of $25,403 has been applied to these costs leaving an unfunded balance of $12,373.**

5. **Disaster Grants Management Consultant (DMG-Maximus)**: FEMA will only pay a small percentage of any costs associated with requesting, obtaining, or maintaining the grant funds. The University anticipates that administrative costs for this project will total approximately $1,000,000 through completion of the flood recovery costing process. About $254,156 will be covered through the administrative allowance paid on FEMA assistance, leaving an unfunded balance of $745,844. **The 97-99 and the 1999-2001 deficiency funding covered $594,253 leaving an unfunded balance of $151,591.**

6. **Projects under $1,000 (total actual cost $1,978)**: Although approved by the Board and included in the 97-99 deficiency appropriation request, this cost was not funded in SB2026.

7. **Simulated Flood Insurance Deductions:** This cost ($6,335) was fully funded in the 97-99 deficiency appropriation.

8. **Sewer Line Videotaping**: The University has completed the process of videotape inspecting the sewer lines for damage. The inspection resulted in a determination that FEMA would cover 32 percent of the cost with the remaining 68 percent assigned to the state based on the actual eligible damage documented. **The state share is $176,996. Prior deficiency funding of $91,826 has been applied leaving an unfunded balance of $85,170.**

The state share of the flood related sewer repair costs is included in the 10 percent cost share total.

16. **Other FEMA Ineligible:** Through the process of damage assessment, repairs, costing, insurance claims, litigation and final close out of each DSR, decisions have been made by FEMA to assign costs to UND as ineligible for FEMA funding. In all instances UND has made a good faith effort comply with FEMA regulations, pursue reasonable avenues of appeal and maximize cost recovery from other applicable sources. As of 9/27/02, a total of $390,319 has been identified as flood related but FEMA ineligible.

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All flood related projects have been completed as required under FEMA regulations. Efforts are now focused on expediting the close out and payment process. Interest costs on the bank loan will continue to accrue until final payments are received from FEMA and insurance. Unresolved insurance coverage issues remain between FEMA and North Dakota Fire and Tornado. This involves interpretation of coverage as it relates to ordinance of law and extra expense. The total disputed amount is $647,610.
Project close out and audit of the federal funds may result in additional unreimbursed costs. Variations between actual costs incurred and original cost estimates may also result in over or under recovery to be resolved as part of final close out.

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9/30/03
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University of North Dakota
Deficiency Appropriation Summary-Flood 1997

Description	June, 1998 Original Request to BHE	Board Authorized Request	Cumulative Net Costs (9/27/02)	SB2026 Expenses From 6/30/99 Deficiency Funding	HB1026 Expenses From 6/30/01 Deficiency Funding	Net Deficiency For 01-03	
1. 10% Cost Share	$3,860,581	$3,860,581	$4,422,572	$2,302,892	$2,065,805	$53,875	Note 1
2. Interest on Bank Loan	$140,798	$140,798	$1,851,636	$330,059	$1,212,808	$308,769	Note 2
3. Labor Charges not Reimbursed by FEMA	$1,116,098	$855,770	$845,480	$654,431		$191,049	
4. Service and Supply Charges not Reimbursed by FEMA	$20,453	$20,453	$37,776	$25,403		$12,373	
5. Disaster Grants Management Consultant (DMG-Maximus)	$456,274	$456,274	$745,844	$546,559	$47,694	$151,591	
6. Projects Under $1,000	$1,853	$1,853					
7. Simulated Flood Insurance Deductions	$6,335	$6,335	$6,335	$6,335			
8. Sewer Line Videotaping	$32,550	$32,550	$176,996	$32,550	$59,276	$85,170	
9. Cost to Obtain and Maintain Flood Insurance	$125,446	$125,446					
10. Refunds on Room and Board Contracts	$253,299	$253,299					
11. Biology Research	$18,600						
12. Swanson Hall Mitigation	$16,084						
13. Memorial Union Alternate Project	$28,456						
14. Revenue Loss	$8,270,711						
15. Tuition Shortfall	$5,817,284						
16. Other FEMA Ineligible			$390,318			$390,318	Note 3
	$20,164,822	$5,753,359	$8,476,957	$3,898,228	$3,385,583		

Note 1: Changes will occur in the 10% cost share due to variances between the actual cost and the original DSR.
Resolution of insurance claims resulting in denial of insurance and subsequent coverage by FEMA may also impact the cost share total.
See narrative for description of unresolved insurance claims.

Note 2: The current outstanding loan balance is $5,331,654. The interest amount is estimated to 6/30/03 (current loan maturity date). The cost will continue to increase if interest continues to accrue beyond 6/30/03.

Note 3: Changes will occur in the other FEMA ineligible costs as the close out process continues.

Revised: 10/02/02

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9/30/03
Date

University of North Daktoa
Projects Submitted
for
2002 North Dakota State Facility Energy Improvement Program

Project	Capital Costs	Annual Savings	Simple Payback
Campus Lighting	$ 719,778	$ 98,579	7.30
Lab and Research Energy Conservation Projects	$ 341,045	$ 61,826	5.52
Hyslop Sports Center Control Retrofit & CO2 Conversion & Pool Recovery	$ 174,264	$ 24,517	7.11
Leonard CO2 Control	$ 2,588	$ 258	10.03
Witmer Hall VAV Conversion & CO2 Control	$ 135,609	$ 17,949	7.56
Merrfield Hall VAV Conversion & CO2 Control	$ 118,800	$ 11,612	10.23
Daycare Multizone VAV Conversion	$ 49,500	$ 7,211	6.86
Ryan/RTC Controls & Windows	$ 332,350	$ 50,991	6.52
West Hall; Heat Recovery	$ 77,280	$ 5,390	14.34
Total	**$ 1,951,213**	**$ 278,334**	**7.01**

Revision: June 28, 2002

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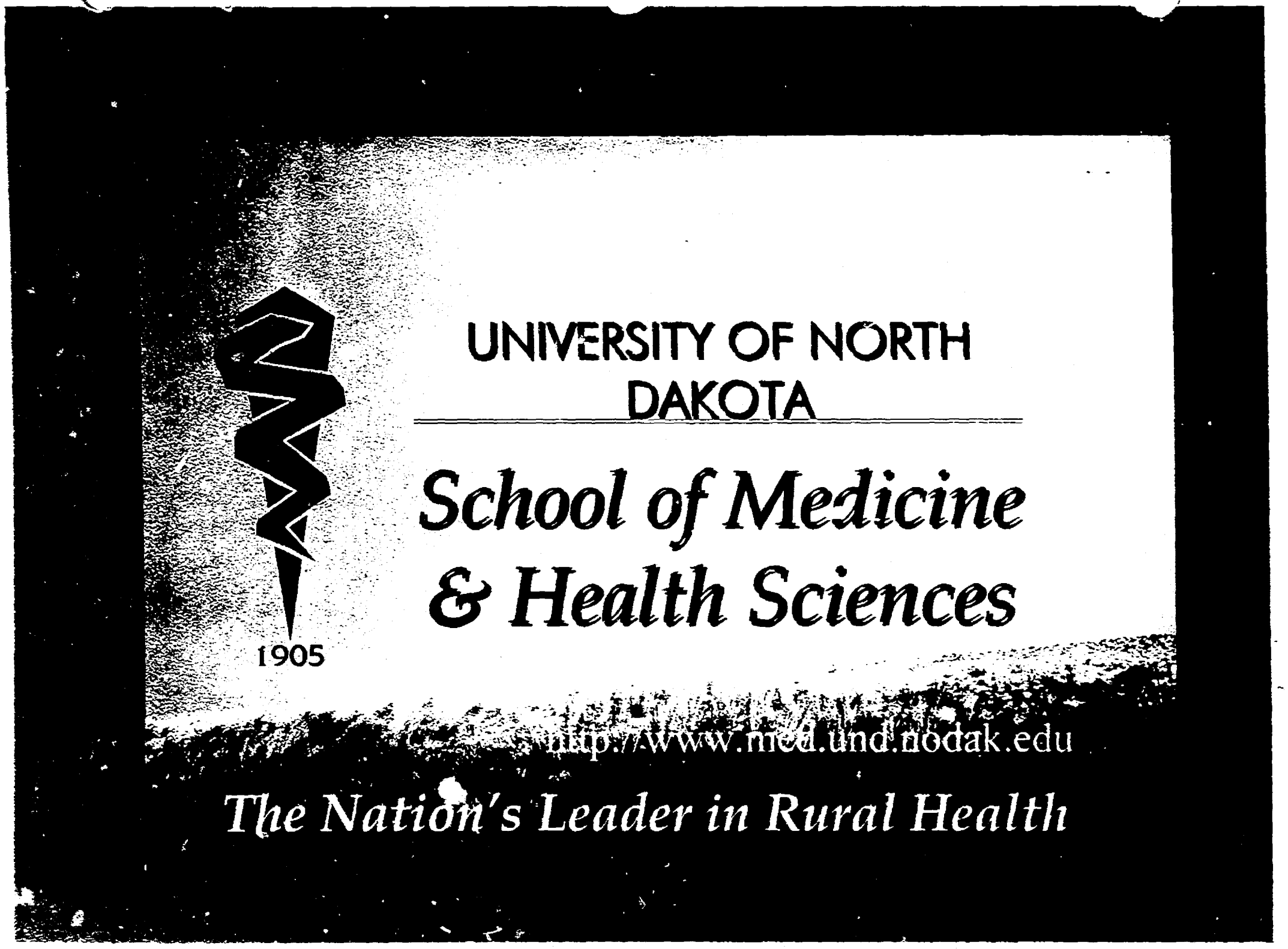

Mission Statement

University of North Dakota School of Medicine & Health Sciences

Our mission is to educate and prepare North Dakota residents as physicians, medical scientists and other health professionals for service to the people of North Dakota and the nation, and to advance medical and biomedical knowledge through research.

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Academic Programs

University of North Dakota School of Medicine & Health Sciences

	Enrollments
M.D. (M.D./Ph.D)	225/1
M.S./Ph.D. - Basic Sciences	38
M.P.T. - Physical Therapy	122
Clinical Lab Science / Cytotechnology	158
B.S. Athletic Training	35
B.S. Occupational Therapy (Grand Forks)	108
(Casper, WY)	22
Physician Assistant	69
Physician In Training (Graduate Medical Education/Residency Programs (Family Med, Internal Med, Surgery, Psychiatry, Transitional)	102
Total	880/1

Other Programs

Continuing Medical Education	2819
Laboratory Education for North Dakota (LEND)	1296
Medstar	1430
Total	5545

- Plus 850 undergraduates (3900 credit hours): nurses, school teachers, dieticians, and others taking physiology, microbiology, anatomy, biochemistry, pharmacology courses
- M.D./Ph.D. program to produce physician-scientists

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Academic Programs - Accreditation

University of North Dakota School of Medicine & Health Sciences

- Fully accredited by Liaison Committee on Medical Education (LCME) through May, 2006
- All components fully accredited
  - Allied Health Programs
    - Athletic Training
    - Clinical Laboratory Science
    - Cytotechnology
    - Occupational Therapy
    - Physician Assistant
    - Physical Therapy
  - Graduate Medical Education Program (Residencies)
  - Continuing Medical Education
  - Graduate Programs in Biomedical Sciences

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Physicians in Training (Residency) Programs

University of North Dakota School of Medicine & Health Sciences

- Family Medicine (three years)
  - Bismarck, Minot, Grand Forks
- Internal Medicine (Fargo) (three years)
- Psychiatry (Fargo) (four years)
- General Surgery (Grand Forks/Fargo) (five years)
- Transitional (Fargo) (one year)

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UND Physicians in Rural Practice in Past 5 Years

University of North Dakota School of Medicine & Health Sciences

BELCOURT	Penny Wilkie, MD '94 – FM Minot '98	**LINTON**	Don Grenz, MD '97 – IM '00
BEULAH	Aaron Garman, MD '97 – FM Grand Forks '00	**MAYVILLE**	Thomas Hunt, MD '97
	Scott Goecke, MD '97 – FM Bismarck '00	**NEW TOWN**	Monica Mayer, MD '95 – FM Minot '99
	Tom Kaspari, MD – FM Minot '99		Loren Simpson, MD '94 – FM Fargo '98
CANDO	Russell Petty, MD '72	**PARK RIVER**	Kristi Midgarden, MD '97 – FM Grand Forks '00
CARRINGTON	Michael Page, MD '97 – FM Minot '00	**RUGBY**	Christa Andrews-Fike '96
CAVALIER	Lynn Kratcha, MD '94 – FM Minot '97		Ashish Chowfin, MD – IM '00
	Susan Thompson, MD '96 – IM '00	**STANLEY**	John Holm, MD – FM Minot '02
DICKINSON	Kamille Bachmeier, MD '99 – FM Grand Forks '02		Linda Svec, MD – FM Fargo '95
FORT YATES	Jacqueline Quisno, MD – FM Bismarck '02	**VALLEY CITY**	Paul Diegel, DO – FM Minot '00
	Zane Rising Sun, MD '97 – FM Bismarck '01		Tanya Diegel, DO – FM Minot '00
JAMESTOWN	James Dungan, MD '98 – FM Bismarck '01		Luis Garcia, MD – SR '02
	Tonia Hoggarth, MD '97 – FM Bismarck '00		Sandeep Laroia, MD – IM '02
	Dave Mathison, MD '97 – FM Bismarck '00	**WAHPETON**	Patrick Emery, MD '95 – FM Grand Forks '98
	Jason Moe, MD '01 – FM Bismarck '01	**WILLISTON**	Marc Nielsen, MD '97 – FM Grand Forks '00
	Robert Wells, MD – FM Bismarck '01		Andrew Wilder, MD '97 – FM Grand Forks '00
MINOT	Peter Bizzas, MD – IM '98		Kristine Wren-Morrison, MD – FM Minot '99

Rural areas are defined as communities outside the major four: Bismarck-Mandan, Minot, Grand Forks, Fargo.

Physicians practicing the following (1997) fiscal year the M.D. degree was earned at UND SMHS.

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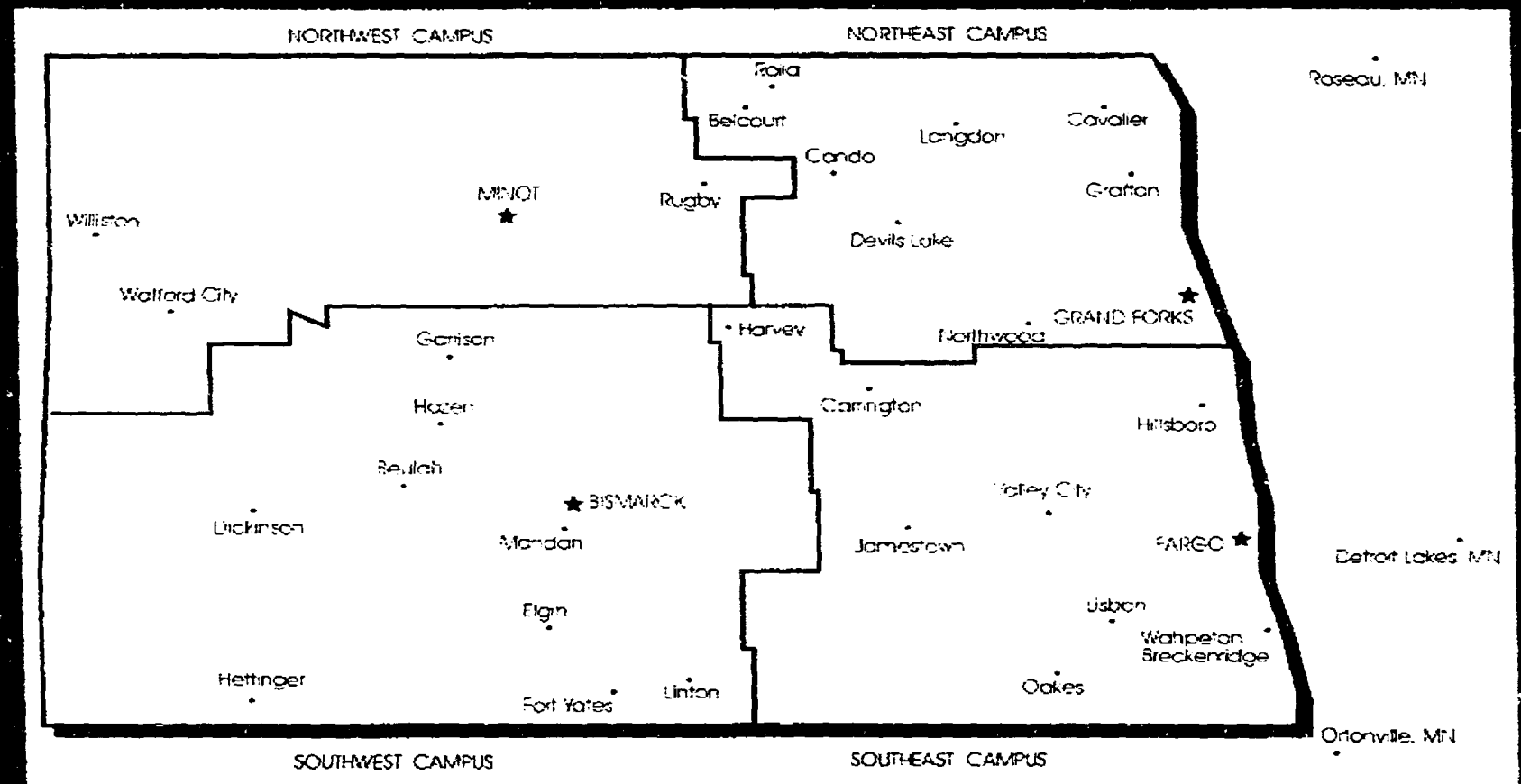
Clinical Teaching Sites

University of North Dakota School of Medicine & Health Sciences



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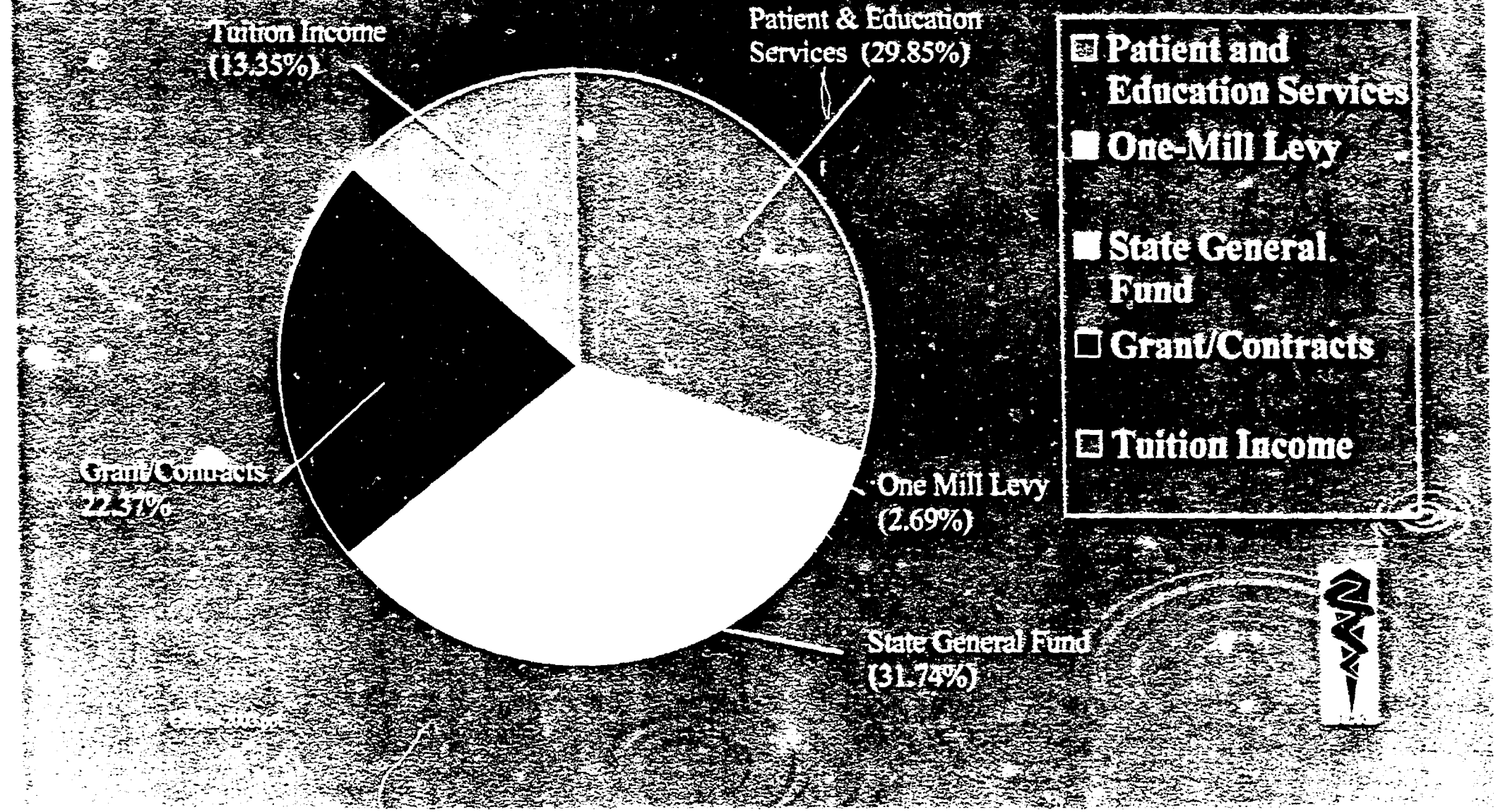
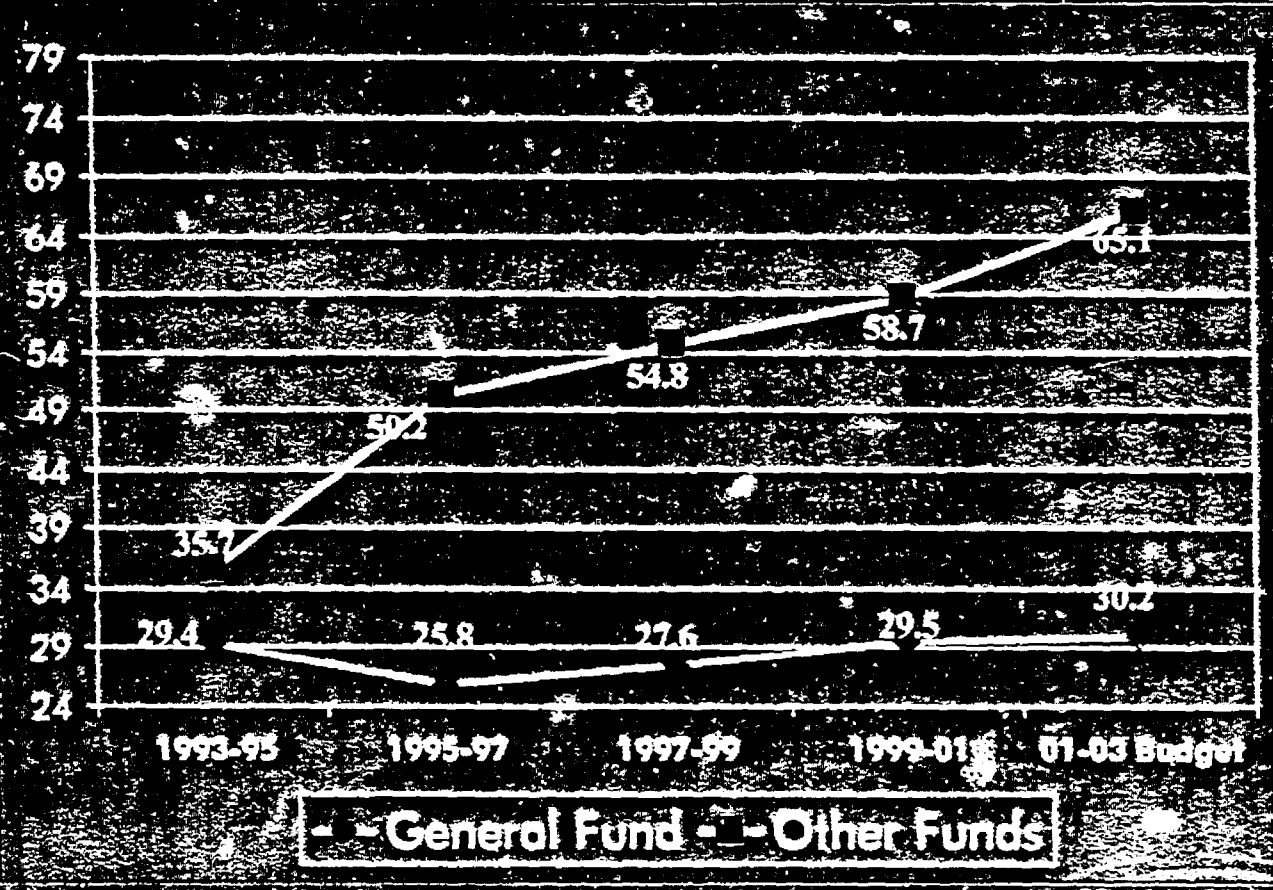
FY01-03 Annual Budget by Funding Source

University of North Dakota School of Medicine & Health Sciences



Source of Funding History

University of North Dakota School of Medicine & Health Sciences



Other revenue includes tuition, one-mill levy, grant and contracts, and patient services. These revenues are restricted for use by specific academic and research programs.

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Flexibility/Salary Improvements

University of North Dakota School of Medicine & Health Sciences

Since 1995 – Salary Improvements – Basic Sciences

	1995-96*	2001-02*	2002-03*
Assistant Professor	- 7.2%	- 3.0%	- 1.9%
Associate Professor	- 19.3%	- 14.5%	- 14.5%
Professor	- 37.7%	- 16.4%	- 12.4%
Chair	- 38.5%	- 14.3%	- 9.8%

*Variance AAMC Midwest MEAN Salary

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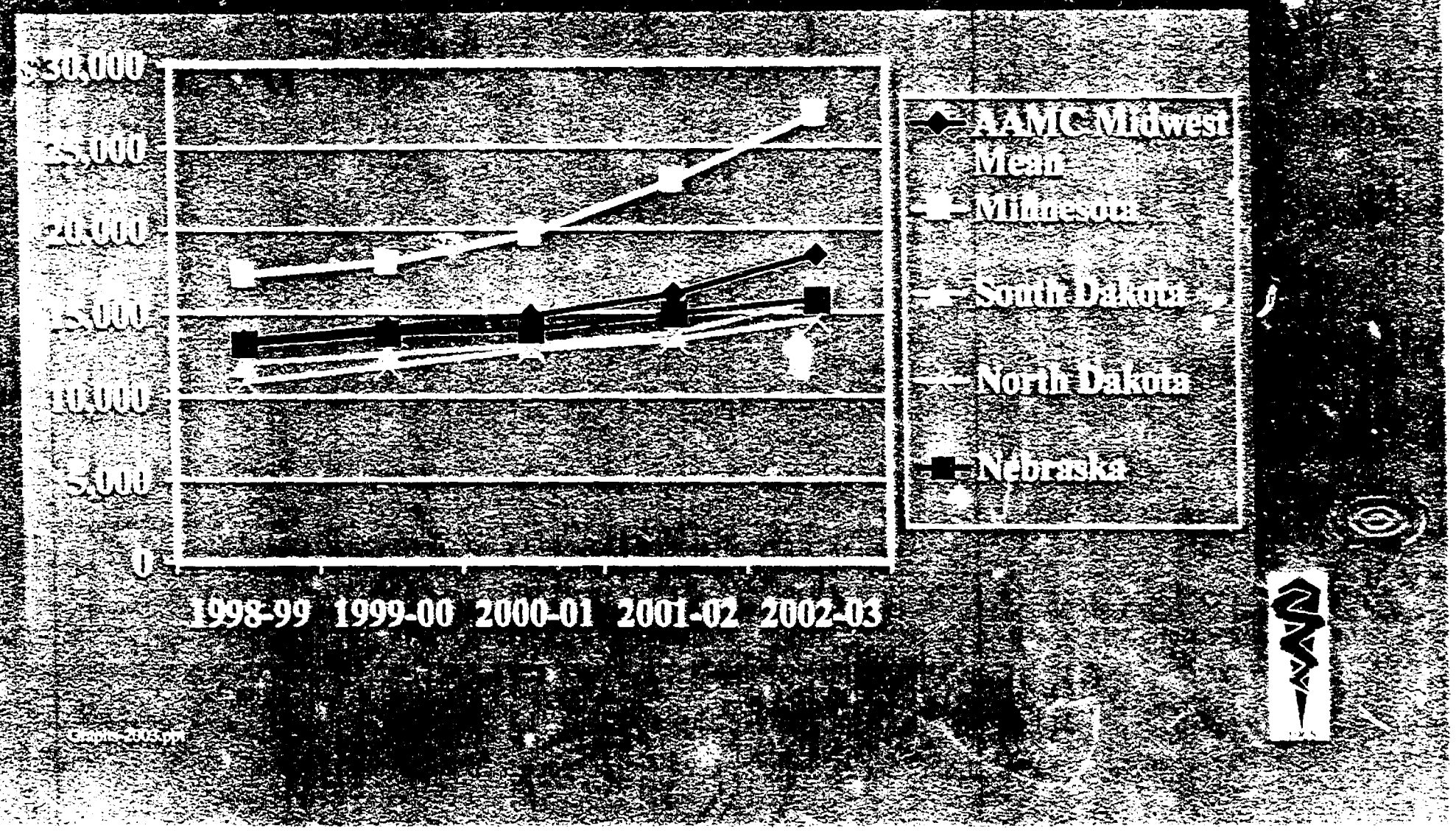
Tuition & Fees Analysis: 2002-03

University of North Dakota School of Medicine & Health Sciences



Grants & Contracts Awards History

University of North Dakota School of Medicine & Health Sciences



Annual Grants & Contracts Awards

2002-03 (to date)	$19,442,509
2001-02	$12,079,038
2000-01	$ 8,730,593
1999-00	$ 7,968,111
1998-99	$ 4,223,628
Total for 5 yr. Period	$52,443,879

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Research Centers

University of North Dakota School of Medicine & Health Sciences

- **Center of Excellence in Neuroscience ($6-8M)**
  - Parkinson's disease
  - Eating disorders (anorexia, bulimia & others)
  - Multiple sclerosis
  - Alzheimer's disease
- **Center for Health Promotion ($1.275M)**
  - Preventive medicine (MPH, certificate programs)
  - Behavioral Science
    - Tobacco use
    - Alcohol & substance abuse
    - Diet/exercise
    - Diabetes
- **Biomedical Research Infrastructure Network (BRIN) ($6M)**
- **Center for Biomedical Research Excellence (COBRE) ($10.5M)**
- **Telehealth Education ($1M)**
- **Office of National Drug Control Policy (ONDCP) ($3.8M)**
- **Rural Assistance Center ($600,000)**

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Physical Plant Status

University of North Dakota School of Medicine & Health Sciences

- Infrastructure needs
  - (chiller, electrical power)
- Occupational therapy
- Renovations for labs/offices
- New neurosciences research building
- Minot Family Practice Center
- State morgue

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Construction Projects Since 1992

University of North Dakota School of Medicine & Health Sciences

- 235,000 sq. ft. of new or renovated space
- Cost of $29M
- $3M from State of North Dakota
- Center for Excellence in Neurosciences
- $18M (72,000 sq. ft.)
- Anticipated first $3M in 2002-03

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Economic Development

University of North Dakota School of Medicine & Health Sciences

- Supply of physicians and health professionals for North Dakota
- Research
- Centers of excellence
- Recent federal grants
- Future plans
- Construction as economic development

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Strengths

University of North Dakota School of Medicine & Health Sciences

Strengths

- Talented and committed faculty
  - Recruitment of department chairs/directors
    1. Mary Wakefield, Ph.D, R.N., Director, Center for Rural Health
    2. Raymond Smego, M.D., Professor & Chair of Internal Medicine
    3. Gene Homandberg, Ph.D., Professor & Chair of Biochemistry
    4. Mary Ann Sens, M.D., Professor & Chair of Pathology
    5. Elizabeth Burns, M.D., Professor & Chair of Family Medicine
- Excellent and highly motivated students
- Experienced and energetic staff
- Support of the legislature and citizens of North Dakota
- Innovative and logical new curriculum that is centrally managed
- Excellent administration
- Excellent facilities for all student learning
- School focus on primary care and rural medicine consistent with state needs
- Excellent basic science research facilities
- Strong support from North Dakota physicians and hospitals
- Longstanding reputation of our graduates in residency training and beyond

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Concerns, Challenges and Priorities

University of North Dakota School of Medicine & Health Sciences

➢ Concerns and Challenges

- Difficult recruitment of faculty and senior administrators because of geography and climate
- Decreasing and aging population of North Dakota
- Faculty intensive teaching responsibilities
- Heavy dependence on volunteer clinical faculty

➢ Major Priorities Being Addressed

1. Improving faculty salaries
2. Continue to strengthen partnerships to support school
3. Raising endowments
4. Fostering clinical research
5. Continue to demonstrate the value of the school to the state and it's citizens
6. Faculty development for new curriculum

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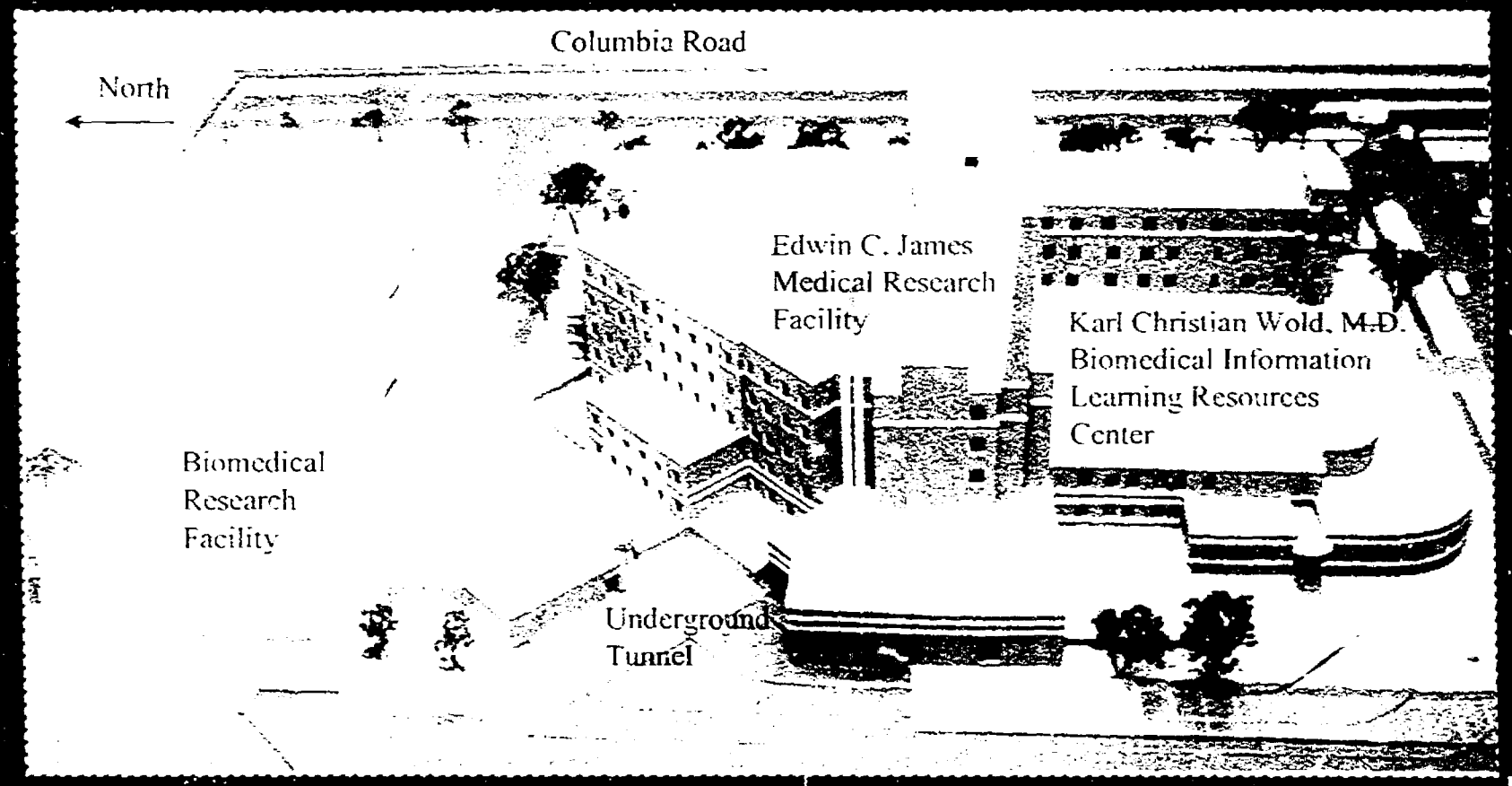
Model of UNDSMHS showing position of New Neuroscience Building

University of North Dakota School of Medicine & Health Sciences



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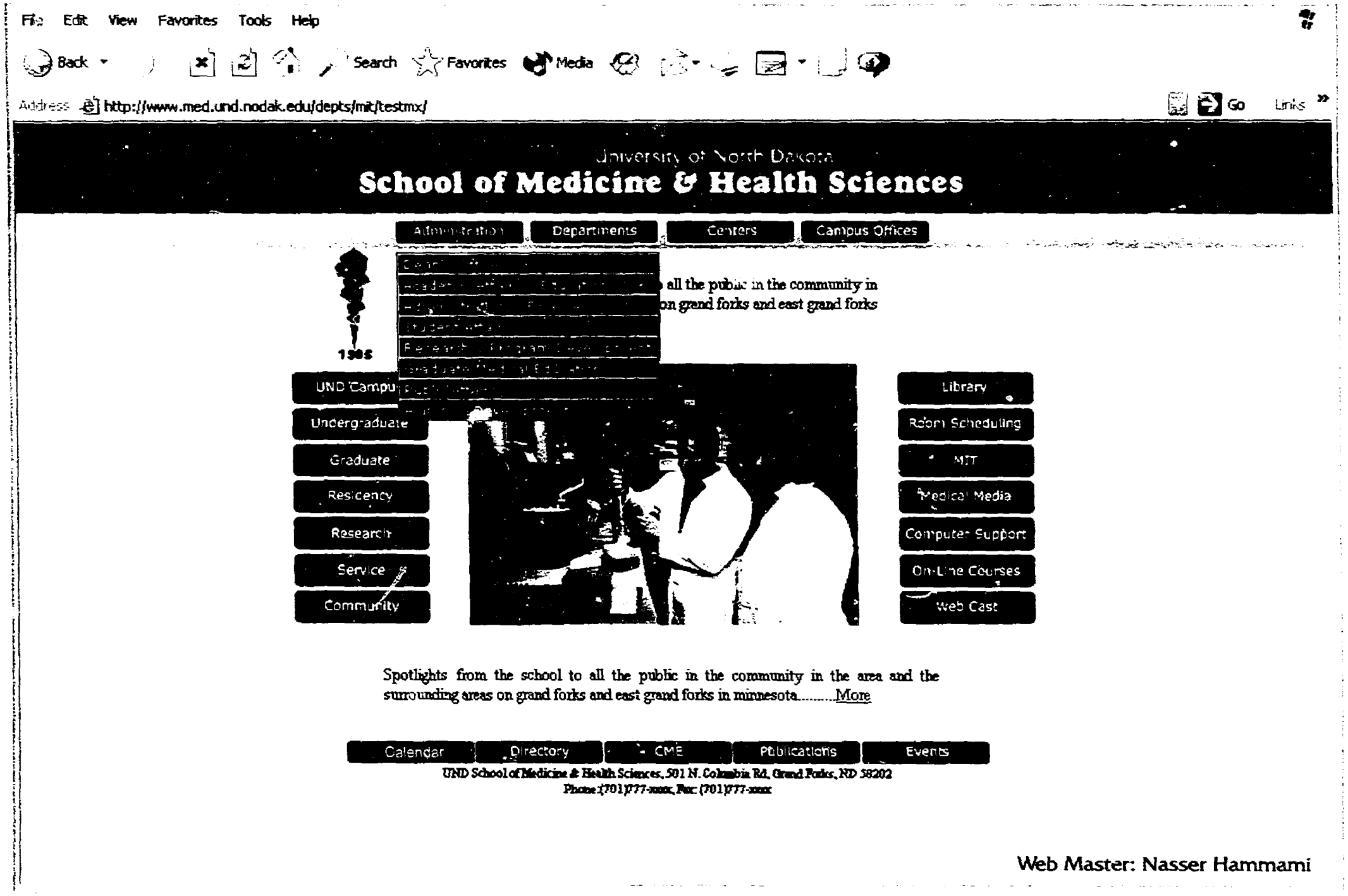
University of North Dakota School of Medicine and Health Sciences

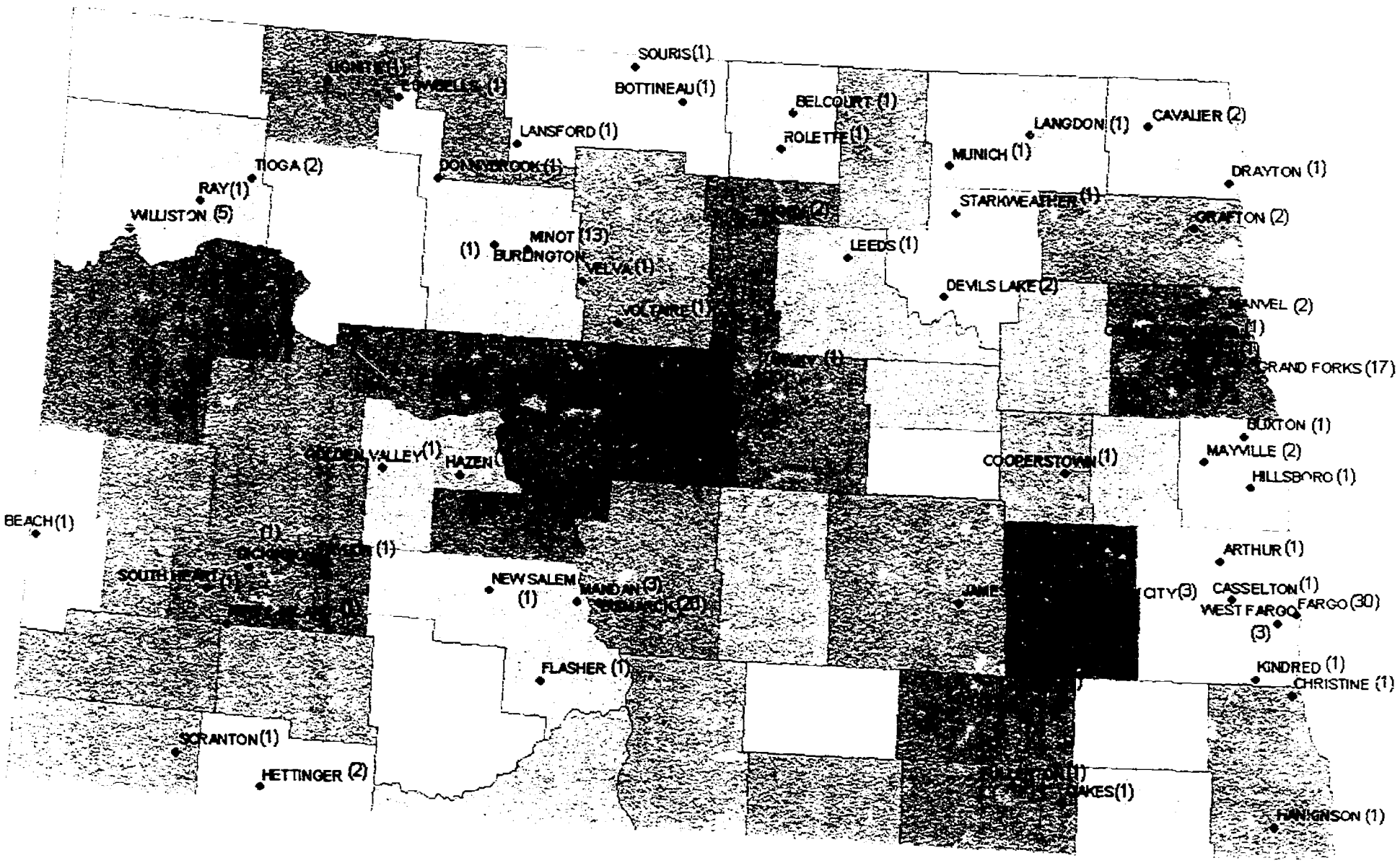
New Web Site: www.med.und.nodak.edu



Web Master: Nasser Hammami

Current Medical Students' Hometowns

University of North Dakota School of Medicine and Health Sciences



Source: UND School of Medicine and Health Sciences, Student Affairs and Admisions

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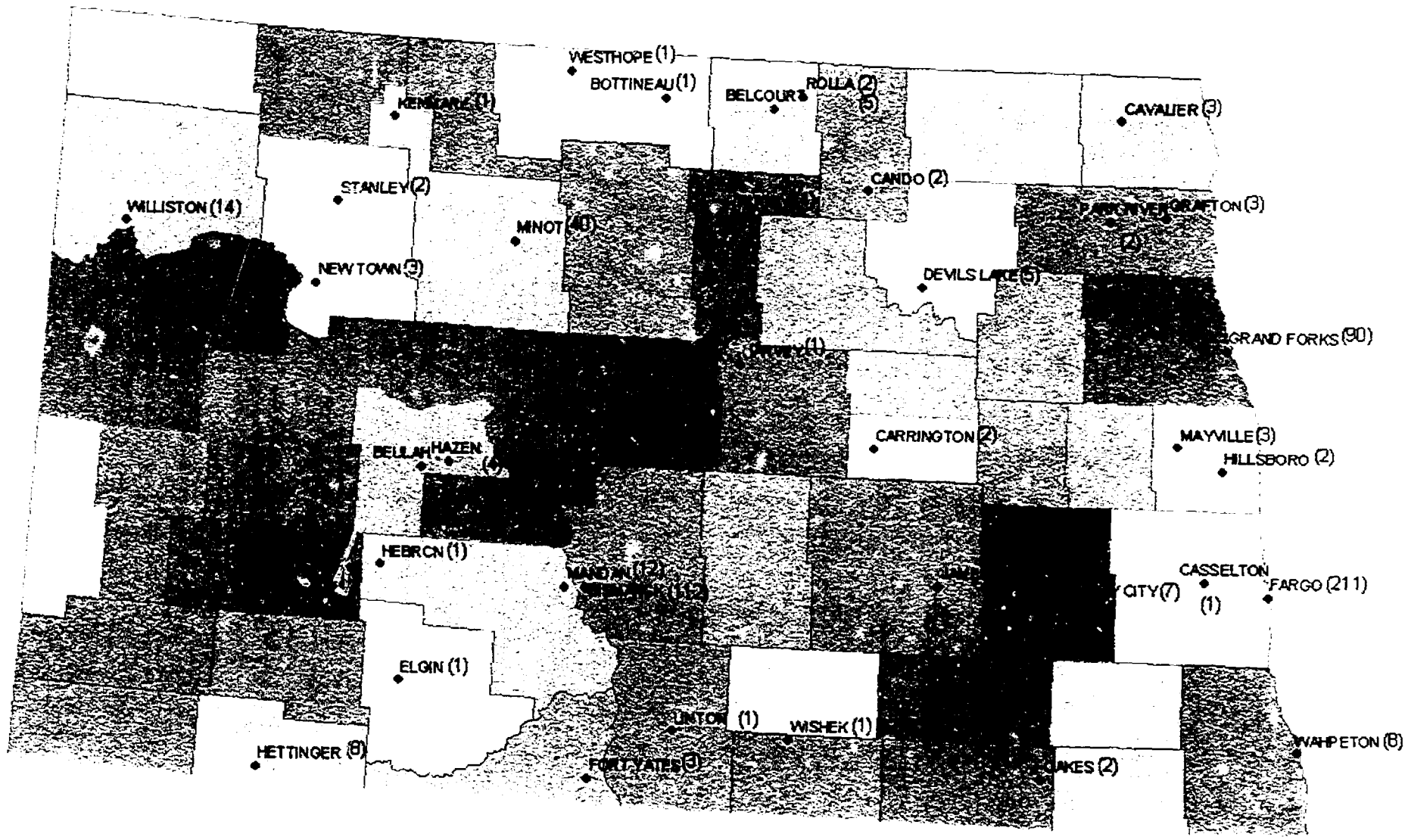
North Dakota Physicians Trained by UND School of Medicine & Health Sciences



***Note:** The numbers listed with each community indicated physicians who have earned their B.S. Med. (Bachelor of Science in Medicine) or MD. (Doctor of Medicine) degree or have completed (or are in) residency training through the UND School of Medicine and Health Sciences. Physicians who are retired, inactive or serve at Minot and Grand Forks Air Force Base hospitals are not included.*

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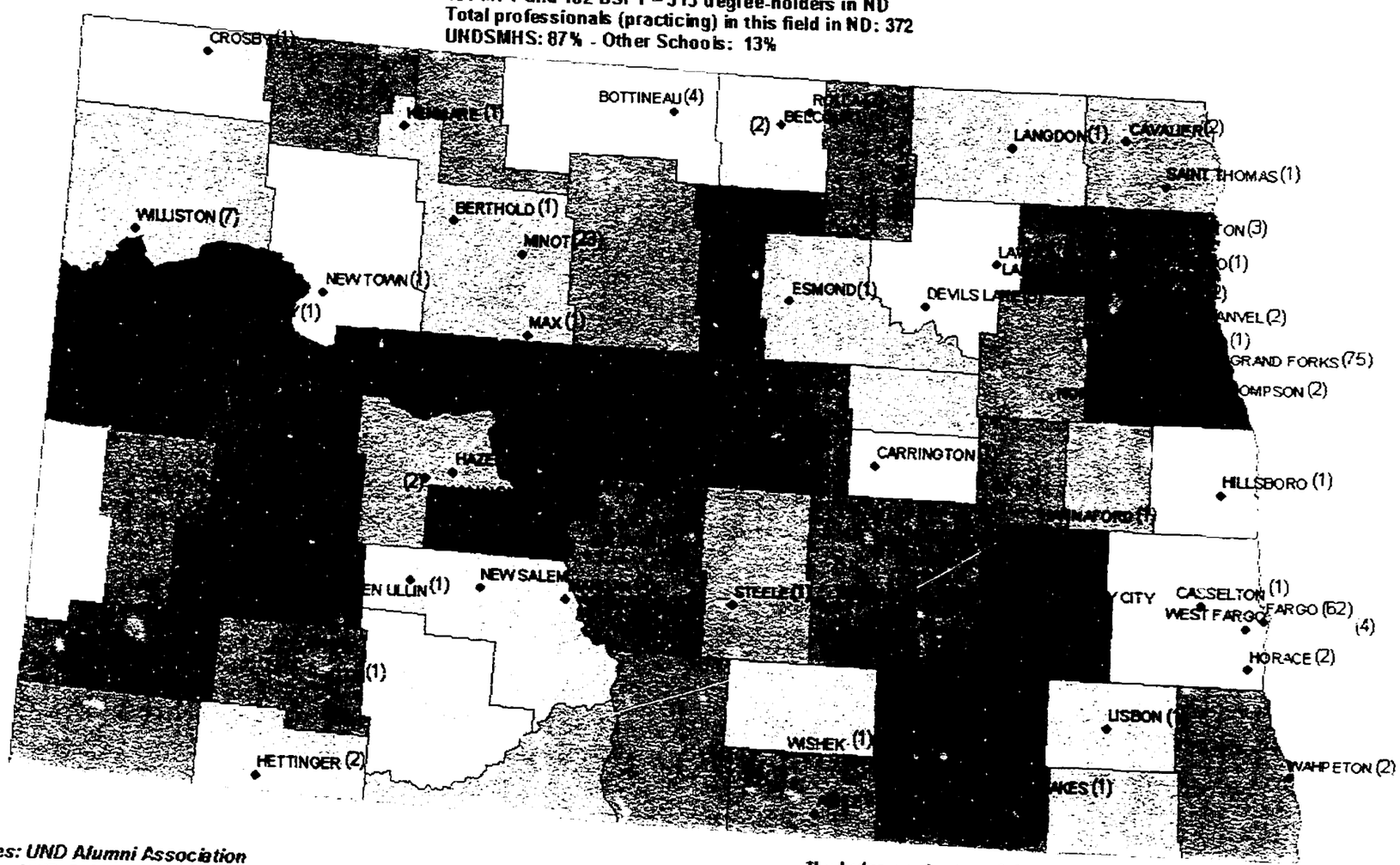
Physical Therapy Program Graduates

University of North Dakota School of Medicine and Health Sciences

151 MPT and 162 BSPT = 313 degree-holders in ND
Total professionals (practicing) in this field in ND: 372
UNDSMHS: 87% - Other Schools: 13%



Sources: UND Alumni Association
UND School of Medicine and Health Sciences, Department of Physical Therapy
State Examining Committee for Physical Therapy

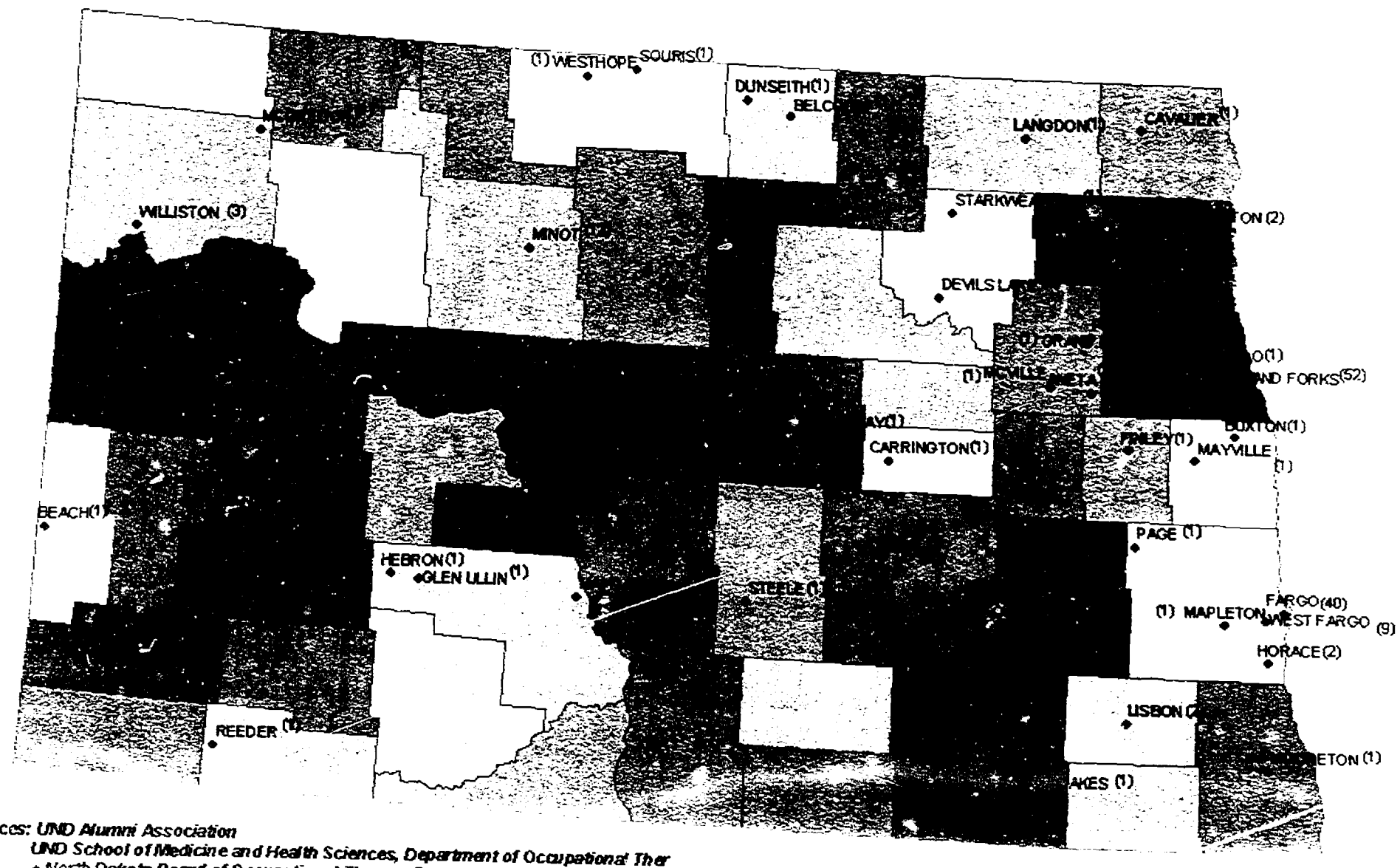
***Includes graduates of the Bachelor of Science in Physical Therapy degree-granting program, initiated in 1968, and Master of Science in Physical Therapy degree-granting program, initiated 1991**

OCCUPATIONAL THERAPY PROGRAM GRADUATES

University of North Dakota School of Medicine & Health Sciences

BSOT: 217 Degree-holders in ND
Total Professionals (practicing) in this field in ND: 251

UNDSMHS: 86% - Other Schools: 14%



Sources: UND Alumni Association
UND School of Medicine and Health Sciences, Department of Occupational Ther
+ North Dakota Board of Occupational Therapy Practice
**Bachelor of Science in OT degree-granting program initiated in 1954*

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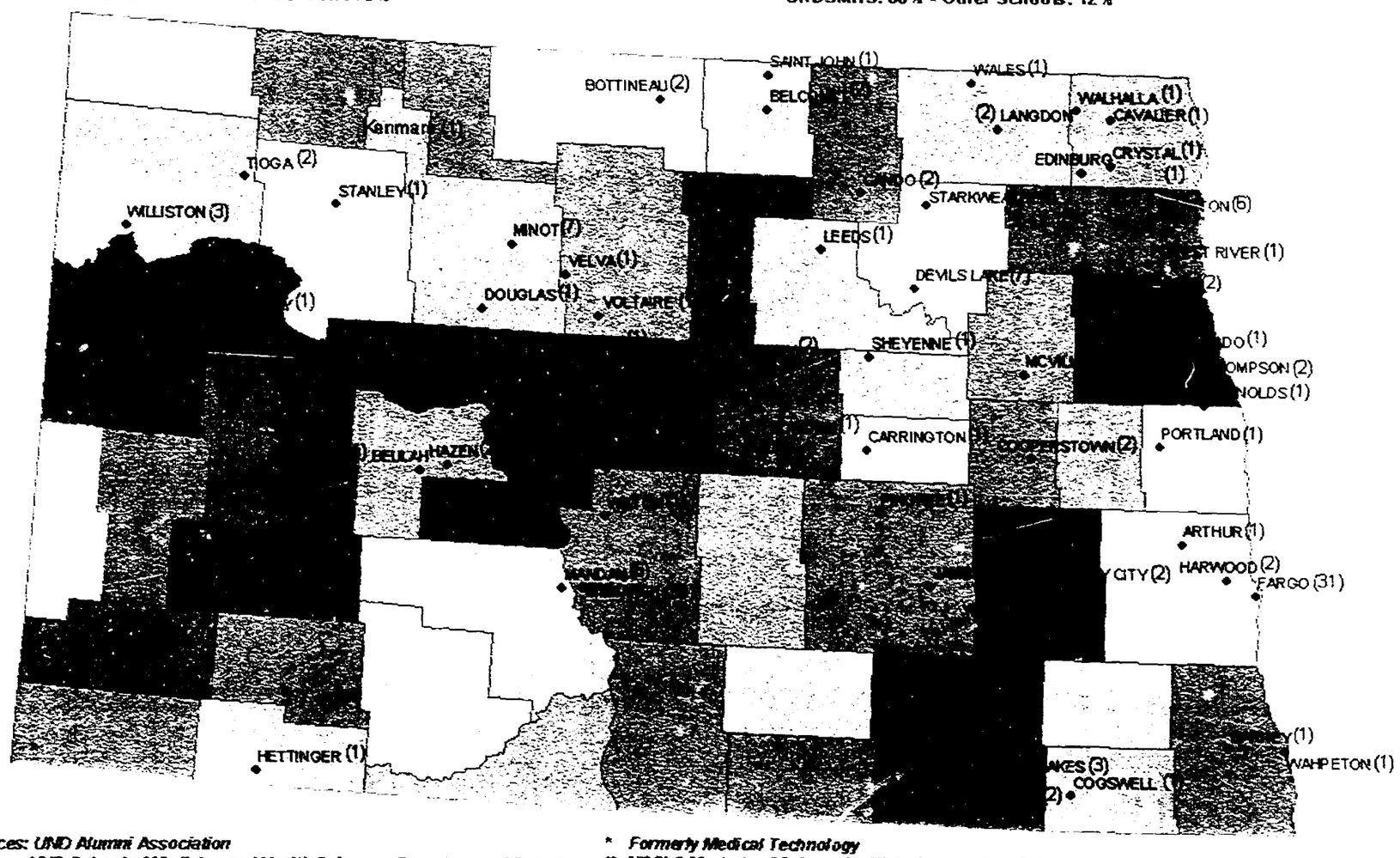
UND School of Medicine & Health Sciences
Clinical Laboratory Science* and Cytotechnology Graduates

14 MSCLS** and 210 BSMT/BSCLS = 224 degree-holders in ND
Total professionals (licensed) in this field in ND: 822

UNDSMHS: 27% - Other Schools: 73%

BSCYTO***: 23 degree-holders in ND
Total professionals (practicing) in this field in ND: 26

UNDSMHS: 88% - Other Schools: 12%



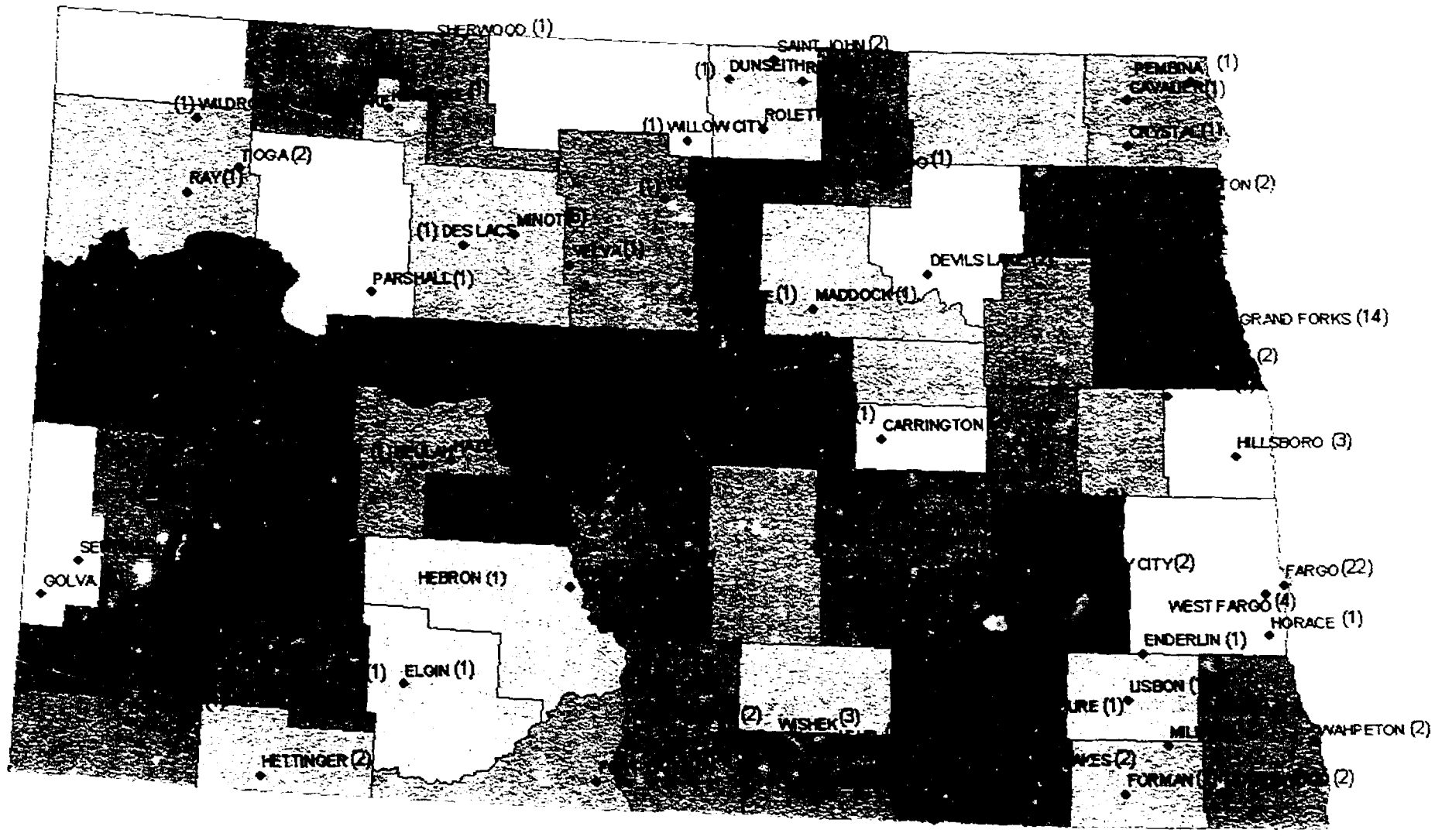
Sources: UND Alumni Association
UND School of Medicine and Health Sciences, Department of Pathology
UND School of Medicine and Health Sciences, Cytotechnology Program

* *Formerly Medical Technology*
** *MSCLS Master's of Science in Clinical Laboratory Science degree granting program initiated in 1978*
BSMT = Bachelor of Science in Medical Technology degree-granting program initiated in 1949
BSCLS = Bachelor of Science in Clinical Laboratory Science
*** *BSCYTO = Bachelor of Science in Cytotechnology degree-granting program initiated in 1975*

Physician Assistant Program Graduates*

UND School of Medicine & Health Sciences

PA: 152 practicing certificate-holders in ND
Total Professionals (licensed and practicing) in this field in ND: 358
UNDSMHS: 45% - Other Schools: 55%



Sources: UND Alumni Association, North Dakota Board of Medical Examiners
ND Board of Nursing
UND School of Medicine and Health Sciences, Department of Community Medicine and Rural Health

**Includes graduates of the MEDEX Program (1970-75); Family Nurse Practitioner Program (1972-93); and Physician Assistant Program (1993-present)*

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University of North Dakota and School of Medicine
2003-05 Biennial Budget

UND Restoration Request Per SBHE Legislative
Budget Priorities (General Fund)

	UND	Med	GF Total
FY03 Salary Increases	$638,768	$193,979	$832,747
Operating Inflation	$1,163,441	$273,241	$1,436,682
Health Insurance Premium Increase @16.84%	$1,052,989	$246,066	$1,298,055
2003-05 salary increase @ 2% and 2%	$2,084,068	$599,560	$2,683,628
Total General Fund Portion of Cost to Continue	$4,939,266	$1,311,846	$6,251,112
Medical Liability Insurance		$1,850,000	$1,850,000
Health Insurance Premium-additional cost to 20.43%	$224,479	$52,244	$276,723

Implement Long-Term Financing Plan

	UND	Med	Total
Parity/Equity Funds Above Cost to Continue	$9,154,578	$3,738,353	$12,892,931
Capital Assets	$3,806,201	$0	$3,806,201
Total General Funds-Parity/Equity/Capital Assets	$12,960,779	$3,738,353	$16,699,132
Total General Funds-Continue Plus Parity/Equity/Capital As	$18,124,524	$6,952,443	$25,076,967

If tuition pays the full cost to continue, parity, equity and capital assets, the percent per year tuition increase would be approximately:

	UND	Med
Cost to Continue	7.85%	10.61%
Health Insurance Premium Increase	0.37%	0.43%
Strategic Priorities-Parity/Equity Above Cost to Continue	6.50%	
Subtotal	14.72%	11.04%
Medical Malpractice		9.04%
Parity/Equity above Cost to Continue	8.22%	21.75%
Capital Assets	3.70%	
Total	26.64%	41.83%

Does not include capital project funds (O'Kelly Hall).

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LaCosta Rickford 9/30/03
Operator's Signature Date

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9/30/03
Date

Exhibit #3
3rd day

Testimony with exception of these pages was same in Senate as House

UNIVERSITY OF UND NORTH DAKOTA

School of Medicine & Health Sciences

1905

http://www.med.und.nodak.edu

The Nation's Leader in Rural Health

Medical Student Successes

University of North Dakota School of Medicine & Health Sciences

- More than 80 percent of UND medical students receive one of their top three choices in residency training programs
- 30.2 percent of UND students matched to residencies in North Dakota
- Other residency match sites include the universities of: Iowa, Wisconsin, Nebraska, Missouri-KC, Kansas, Michigan, Minnesota; California-Davis, Oregon, Florida-Jacksonville, Texas Tech, Illinois-Peoria, Medical College of Wisconsin, Mayo, Baylor, Medical College of Virginia, Temple, Northeastern Ohio, California-Los Angeles, Rush

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Investments (if additional resources available)

University of North Dakota School of Medicine & Health Sciences

- Faculty Salaries
  - Average Chair – 10% below AAMC*
  - Average Professor – 12.5% below AAMC
  - Average Associate Professor – 14.5% below AAMC
- Added Faculty/Staff
  - Biostatistician (research needs)
  - Epidemiologist(s) (state health research – CHPTR**)
  - Immunologist / Microbiologist
  - Clinical Education Director (ROME + others***)
  - Geriatrician(s)
  - Behavioral Medicine Faculty (CHPTR)

Association of American Medical Colleges
Center for Health Promotion and Translation Research
Rural Opportunities in Medical Education Program

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Harwood Initiative

University of North Dakota School of Medicine & Health Sciences



LEFT:

The remodeled interior of the east entrance of the UND School of Medicine and Health Sciences features displays that highlight career contributions of former Dean Theodore H. Harwood as well as a Wall of Honor listing, in appreciation, the names of all who donated to the project.

RIGHT:

The new façade of the UND School of Medicine and Health Sciences was constructed with funds donated by alumni and friends through the Harwood Initiative campaign.



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University Health Facility

University of North Dakota School of Medicine & Health Sciences

Houses the Clinical Education Center and the Family Practice Center

Hamline (south of Barnes and Noble University Bookstore)



T.L. Stroh Architects and Interiors

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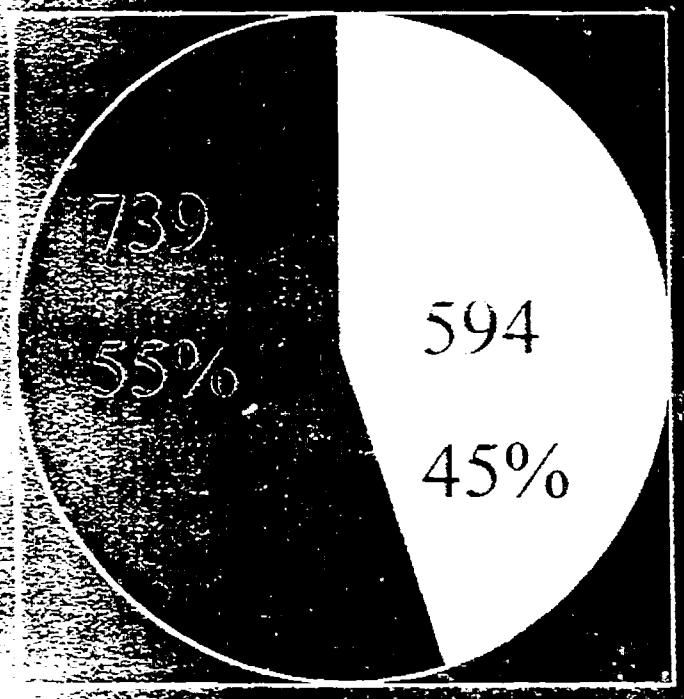
Operator's Signature

9/30/03
Date

Licensed, Practicing Physicians in North Dakota

University of North Dakota School of Medicine & Health Sciences



■ Percentage trained by UND School of Medicine & Health Sciences

□ Percentage trained by other medical schools

Total = 1333 (January 10, 2003)

not including retired, inactive, non-practicing physicians or non-licensed year resident-physicians

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University of North Dakota and School of Medicine
2003-05 Biennial Budget

UND Restoration Request Per SBHE Legislative
Budget Priorities (General Fund)

Costs to Continue	UND	Med	GF Total
FY03 Salary Increases	$638,768	$193,979	$832,747
Operating Inflation	$1,163,441	$273,241	$1,436,682
Health Insurance Premium Increase @20.43%	$1,277,468	$297,310	$1,574,778
2003-05 salary increase @ 2% and 2%	$2,084,068	$599,560	$2,683,628
Total General Funds-Costs to Continue	$5,163,745	$1,364,090	$6,527,835

Implement Long-Term Financing Plan

	UND	Med	Total
Parity/Equity Funds Above Cost to Continue	$9,154,578	$3,738,353	$12,892,931
Capital Assets	$3,806,201	$0	$3,806,201
Total General Funds-Parity/Equity/Capital Assets	$12,960,779	$3,738,353	$16,699,132
Total General Funds-Continue Plus Parity/Equity/Capital Assets	$18,124,524	$5,102,443	$23,226,967

If tuition pays the full cost to continue, parity, equity and capital assets, the percent per year tuition increase would be approximately:

	UND	Med
Cost to Continue	8.44%	11.30%
Strategic Priorities-Parity/Equity Above Cost to Continue	6.50%	
Subtotal	14.94%	11.30%
Parity/Equity above Cost to Continue	8.00%	21.49%
Capital Assets	3.70%	
Total	26.64%	32.79%

Does not include capital project funds (O'Kelly Hall).

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9/30/03
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TESTIMONY BY JO ZSCHOMLER, DIRECTOR

OMB Risk Management Division

House Appropriations Committee

February 5, 2003

Mr. Chairman, and members of the Legislative Management Committee, my name is Jo Zschomler. I am the Director of the Risk Management Division of OMB.

The State Tort Claims Act, N.D.C.C. ch. 32-12.2, enacted by the 1995 Legislature, established and governs the administration of the Risk Management Fund. The Fund pays damages caused by negligence or a wrongful act or omission on the part of the State or a state employee.

Between the period of the inception of the Fund, April 22, 1995, and December 31, 2002, there have been a total of 1,730 claims and lawsuits filed against the Fund. The Fund has paid $4,424,629 to administer and settle those claims and lawsuits.

Prior to July 1997 the UND School of Medicine, State Fleet, and the Department of Human Services purchased liability coverage from the North Dakota Insurance Reserve Fund (NDIRF). When those 3 entities became a part of the Risk Management Fund on July 1, 1997, NDIRF was in the process of granting conferments to its members. The 1997 Legislature and OMB negotiated for NDIRF to pay the conferments to the Risk Management Fund to cover the cost of operating the Fund for the '97-'99 biennium. The Fund was obligated to credit those three members for that consideration.

Because the medical malpractice exposure presented an excessive financial risk to the Risk Management Fund as discussed at N.D.C.C. 32-12.2-06, and because contract employees at the School of Medicine cannot be covered by the Fund, the Fund purchased medical malpractice coverage for the School of Medicine. The Fund has now satisfied the obligation created by the School's share of the NDIRF conferment.

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Due to the fact that medical malpractice coverage is unique to the School, and, similar to the practice of agencies owning state airplanes assuming the cost of insurance for that exposure, the premium cost for medical malpractice coverage will again become an operating expense of the School of Medicine.

A history of the cost of tort liability coverage to State agencies since the Risk Management Fund was initiated shows:

- The 1995 Legislature appropriated new monies to fund the Fund.
- The 1997 Legislature used the NDIRF conferment to fund the Fund.
- There was an adequate balance in the Fund so that funding was waived for the '99-'01 biennium.
- '01-'03 was the first biennium agencies were required to fund contributions from existing budgets based on the agency's loss history with the Fund. Prior to that biennium, agencies had experienced 6 years of tort liability coverage with no impact to their budgets;
- The '03-'05 contribution was again based on agency's loss history with the Fund; the 64% increase over '01-'03 contribution was still 25% less than the 1995 recommended contribution.

The actuary determined a 64% increase in contributions was needed primarily due to cost of administering the Fund because of the hard market increasing the cost of reinsurance and medical malpractice premiums for FY '01 and FY '02.

Premium Cost to Fund for Reinsurance:		Premium Cost to Fund for MedMal
7/1/97 -	$331,230	7/1/97 - $258,000
7/9/98 -	$331,230	7/1/98 - $269,314
7/1/99 -	$306,400	7/1/99 - $292,985
7/1/00 -	$300,000	7/1/00 - $336,343
7/1/01 –	$375,000	7/1/01 - $497,500
7/1/02 -	$446,000	7/1/02 - $703,950*
Totals	$2,089,860	$2,358,092

*$100,000 deductible; coverage limited to professional liability; exposures for general, employer practices, etc. liabilities covered by the Risk Management Fund)

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The specialized cost of medical malpractice will become the responsibility of the School of Medicine as of July 1, 2003. It is anticipated that the minimum premium cost will be at least the $703,950 charged for coverage this year, with a $100,000 deductible. However, an increase of 25% is possible based on what is currently happening in the market. Negotiations have not yet begun to renew this coverage.

The Risk Management Fund will continue to be in a position to administer claims on behalf of the School, and will provide all other tort liability coverage for which the School will be assessed $44,306 for the '03-'05 biennium.

Attached for your information find:

- A summary of Claim Activity of the Risk Management Fund from April 22, 1995 to December 31, 2002.
- The actuary's funding analysis for the Risk Management Fund for the 12/31/01 to 7/1/05 period.
- A spreadsheet containing a history of contributions to the Fund since its inception through the '03-'05 biennium.

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STATE OF NORTH DAKOTA
SUMMARY OF CLAIM ACTIVITY OF THE RISK MANAGEMENT FUND
From April 22, 1995 to December 31, 2002

ADMINISTRATION ACTIVITY

Administration Costs	$	2,168,975
Paid Premiums	$	4,526,996
Total	**$**	**6,695,971**

	MEDICAL MALPRACTICE	GENERAL LIABILITY	AUTO LIABILITY	TOTAL
CLAIM ACTIVITY				
Total Number of Claims	(RMF) 2 (INS) 10	970	584	1,556
Total Amount Paid to Date (Indemnity and Expense)	(RMF) $ 10,347 (INS) $61,430	$ 653,510	$ 1,055,129	$ 1,718,986
Dollar Amount Reserved (Indemnity and Expense) For Open and Pending Claims	(RMF) $ 5,486 (INS) $67,752	$ 441,648	$ 32,124	$ 479,258
Total Amount Paid and Reserved	**(RMF) $15,833 (INS) $129,182**	**$ 1,095,158**	**$ 1,087,253**	**$ 2,198,244**
LITIGATION ACTIVITY				
Total Number of Suits Filed	(RMF) 0 (INS) 17	162	12	174
Total Amount Paid to Date (Indemnity and Expense)	(RMF) 0 (INS) $1,145,498	$ 1,537,387	$ 83,030	$ 1,620,417
Dollar Amount Reserved (Indemnity and Expense) For Open and Pending Suits	$ -	$ 403,788	$ 202,180	$ 605,968
Total Amount Paid and Reserved	**(RMF) 0 (INS) $1,145,498**	**$ 1,941,175**	**$ 285,210**	**$ 2,226,385**
Total for Claim and Litigation Activity RMF	**$ 15,833**	**$ 3,036,333**	**$ 1,372,463**	**$ 4,424,629**
Total for Claim and Litigation Activity Insurance	**$ 1,274,680**			**$ 1,274,680**

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Exhibit VIII.4

STATE OF NORTH DAKOTA

GENERAL LIABILITY AND AUTOMOBILE LIABILITY
STATE OF NORTH DAKOTA RISK MANAGEMENT FUND POLICY YEAR FUNDING ANALYSIS

	EXPECTED LEVEL UNDISCOUNTED	75% CONFIDENCE LEVEL UNDISCOUNTED
A. FUND BALANCE @ 12/31/01 ** Obtained from RMF Financial Report as of 12/31/01*	$3,888,343	$3,888,343
B. ADDITIONAL ESTIMATED PAYMENTS (CLAIMS & LITIGATION) FOR 12/31/01 THROUGH 6/30/03:	$1,619,802	$1,619,802
C. ESTIMATED ADDITIONAL EXPENSES FOR 12/31/01 THROUGH 6/30/03: ** Exhibit VII.3:*	$2,333,446	$2,333,446
D. ESTIMATED FUND BALANCE @ 6/30/03: *D = A - B - C*	($64,905)	($64,905)
E. ESTIMATED RESERVE NEED @ 06/30/03: ** Exhibit VII.1*	$2,982,261	$3,765,000
F. ESTIMATED EXCESS (DEFICIT) FUND BALANCE @ 06/30/03: *F = D - E*	($3,047,166)	($3,829,905)
G. ADDITIONAL FUNDING EXPECTED FOR 1/1/02-6/30/03: ** Per State of North Dakota*	$1,260,000	$1,260,000
H. ESTIMATED FUND INTEREST @ 3% FOR 1/1/02-6/30/03:	$93,607	$93,607
I. ESTIMATED EXCESS (DEFICIT) FUND BALANCE @ 6/30/03: *I = F + G + H*	($1,893,559)	($2,476,298)
J. 2003-04 AND 2004-05 ESTIMATED ULTIMATE LLE: ** Forecast in Sections IV and VI.*	$2,578,000	$3,238,000
K. ESTIMATED EXPENSES FOR BIENNIUM 7/1/03-05: ** Exhibit VII.3*	$1,672,012	$1,672,012
L. ESTIMATED EXCESS FUND BALANCE @ 6/30/05 Assuming no 2003-04 or 2004-05 contributions. *L = I - J - K*	($5,943,571)	($7,386,310)
M. SUGGESTED CONTRIBUTION FOR BIENNIUM 2003-05 *Assuming the goal is to fund slightly above the expected confidence level.*	$6,000,000	$6,000,000
N. ESTIMATED FUND INTEREST FOR BIENNIUM 7/1/03-05:	$143,165	$143,165
O. EXPECTED FUND BALANCE AT 6/30/05: *O = L + M + N*	$199,594	($1,243,145)

NOTES:
ANNUAL INTEREST ON RMF IS ASSUMED TO BE USED TO PAY LOSSES AND EXPENSES. ANNUAL INTEREST IS ASSUMED TO BE 3%.

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Ag. #	Agency Name	Total Contributions Required 1995-1997	Total Contributions Required 1997-1999 *(NDIRF Paid)	Total Contributions Required 1999-2001	Total Contributions Required 2001-2003	Total Contributions Required 2003-2005
	STATE AGENCIES:					
101	Office of the Governor	$ 5,808.00	$ 5,807.00	N/A	$ 3,857.00	$ 6,446.00
108	Office of the Secretary of State	8,068.00	8,065.00	N/A	5,429.00	8,595.00
110	OMB - Administation	39,238.00	39,231.00	N/A	454.00	700.00
	OMB - Facility Management				9,816.00	15,167.00
	OMB - Fiscal Management				2,568.00	3,967.00
	OMB - Personnel				1,662.00	2,567.00
	OMB - Risk Management				756.00	1,400.00
112	Information Services Division	44,206.00	44,199.00	N/A	24,430.00	54,427.00
117	Office of the State Auditor	16,846.00	16,843.00	N/A	9,000.00	13,609.00
118	Central Services	8,068.00	8,065.00	N/A	5,143.00	7,000.00
120	Office of the State Treasurer	3,442.00	3,441.00	N/A	1,143.00	1,433.00
125	Office of the Attorney General	69,946.00	68,782.00	N/A	35,573.00	55,631.00
127	Office of the State Tax Commissioner	50,342.00	50,332.00	N/A	21,144.00	32,710.00
140	Office of Administrative Hearings	1,742.00	1,742.00	N/A	1,143.00	1,433.00
160	Legislative Council	10,000.00	10,001.00	N/A	6,143.00	9,073.00
180	Supreme Court	20,220.00	20,216.00	N/A	10,001.00	14,564.00
183	Judicial Conduct Commission	2,152.00	2,151.00	N/A	571.00	955.00
185	Trial Courts	81,748.00	81,734.00	N/A	39,572.00	64,226.00
190	Retirement and Investment Office	6,132.00	6,129.00	N/A	3,000.00	5,014.00
192	Public Employees Retirement Office	5,808.00	5,807.00	N/A	4,572.00	7,163.00
201	Department of Public Instruction	42,738.00	42,732.00	N/A	19,572.00	22,205.00
215	ND University System Office	6,390.00	6,387.00	N/A	3,000.00	5,491.00
226	State Land Department	4,393.00	5,408.00	N/A	3,286.00	5,014.00
227	Bismarck State College	53,532.00	45,205.00	N/A	30,820.00	49,671.00
228	Lake Region State College	17,944.00	13,657.00	N/A	12,546.00	17,288.00
229	Williston State College	19,096.00	14,984.00	N/A	10,238.00	14,248.00
230	University of North Dakota	401,806.00	332,362.00	N/A	211,807.00	300,329.00
232	UND Medical Center	169,126.00	169,097.00	N/A	33,583.00	44,306.00
235	ND State University	351,272.00	246,740.00	N/A	107,829.00	163,081.00
238	ND State College of Science	103,738.00	80,723.00	N/A	46,967.00	72,199.00
239	Dickinson State University	51,644.00	40,332.00	N/A	25,070.00	36,113.00
240	Mayville State University	29,592.00	23,424.00	N/A	11,862.00	22,503.00
241	Minot State University	109,968.00	99,680.00	N/A	49,520.00	77,124.00
242	Valley City State University	44,174.00	36,719.00	N/A	17,244.00	25,576.00
243	Minot State University-Bottineau	31,424.00	14,988.00	N/A	11,701.00	11,563.00
244	ND Forest Service	7,026.00	7,024.00	N/A	3,380.00	5,103.00
250	State Library	9,520.00	9,517.00	N/A	4,857.00	7,640.00
252	School for the Deaf	16,866.00	16,864.00	N/A	10,286.00	15,519.00
253	School for the Blind	11,278.00	11,275.00	N/A	4,857.00	7,640.00
270	State Brd. for Voc. & Tech. Education	10,164.00	10,162.00	N/A	4,857.00	7,640.00
301	State Department of Health	171,558.00	171,531.00	N/A	46,860.00	86,908.00
313	Veterans Home	29,932.00	29,930.00	N/A	13,286.00	21,259.00
316	Indian Affairs Commission	1,076.00	1,075.00	N/A	571.00	955.00
321	Department of Veterans Affairs	3,074.00	3,075.00	N/A	857.00	1,433.00
324	Children's Svcs. Coordinating Committee	646.00	645.00	N/A	286.00	478.00
325	Department of Human Services*	717,540.00	717,420.00	N/A	163,730.00	306,976.00
32590	State Hospital*				68,242.00	116,275.00
32595	Developmental Center				62,861.00	95,503.00
360	Protection and Advocacy Project	13,766.00	13,764.00	N/A	3,572.00	6,446.00
380	Job Service North Dakota	144,662.00	144,639.00	N/A	53,860.00	82,849.00
401	Office of the Insurance Commissioner	16,458.00	16,453.00	N/A	14,001.00	21,727.00

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Operator's Signature Date

Ag. #	Agency Name	Total Contributions Required 1995-1997	Total Contributions Required 1997-1999 *(NDIRF Paid)	Total Contributions Required 1999-2001	Total Contributions Required 2001-2003	Total Contributions Required 2003-2005
405	Industrial Commission	24,096.00	24,092.00	N/A	4,524.20	17,191.00
	Oil & Gas Division				5,761.80	
406	Office of the Labor Commissioner	2,582.00	2,581.00	N/A	1,143.00	2,865.00
408	Public Service Commission	16,136.00	16,133.00	N/A	7,000.00	10,744.00
412	Aeronautics Commission	1,742.00	1,742.00	N/A	1,714.00	2,388.00
413	Dept. of Banking & Financial Institutions	10,324.00	10,323.00	N/A	3,572.00	5,969.00
414	Office of the Securities Commissioner	3,012.00	3,011.00	N/A	1,429.00	1,910.00
471	Bank of North Dakota	67,766.00	67,754.00	N/A	26,287.00	40,350.00
473	ND Housing Finance Agency	16,458.00	16,453.00	N/A	5,429.00	9,550.00
475	ND Mill & Elevator Association	53,350.00	53,341.00	N/A	41,717.00	63,271.00
485	Workers Compensation	50,178.00	50,171.00	N/A	27,716.00	49,662.00
504	Highway Patrol	105,948.00	105,931.00	N/A	74,290.00	113,649.00
506	State Radio Communications	9,680.00	9,678.00	N/A	5,143.00	8,118.00
512	Division of Emergency Management	9,034.00	9,033.00	N/A	3,286.00	5,491.00
530	Dept. of Corrections and Rehabilitation	210,842.00	210,807.00	N/A	120,578.00	233,028.00
540	Adjutant General	73,776.00	73,414.00	N/A	20,858.00	32,710.00
601	Department of Commerce					
	Division of Community Services				3,172.00	5,014.00
	Economic Development & Finance	9,680.00	9,678.00	N/A	3,857.00	6,446.00
	Tourism	3,226.00	3,226.00	N/A	1,714.00	2,865.00
	Workforce Development	-	-	N/A	-	-
602	Agriculture Department	13,956.00	13,954.00	N/A	9,000.00	15,997.00
612	ND Ag. Products Utilization Commission	646.00	645.00	N/A	-	-
616	State Seed Department	10,308.00	10,307.00	N/A	5,429.00	8,118.00
627	Upper Great Plains Transport. Institute	3,872.00	3,871.00	N/A	501.00	7,263.00
630	NDSU Extension Service	74,218.00	74,204.00	N/A	24,597.00	56,668.00
638	Northern Crops Institute	2,582.00	2,581.00	N/A	634.00	2,292.00
640	NDSU Main Research Center	109,154.00	109,137.00	N/A	37,419.00	87,375.00
641	Dickinson Research Center	4,116.00	4,115.00	N/A	3,000.00	-
642	Central Grasslands Research Center	1,616.00	1,613.00	N/A	1,714.00	-
643	Hettinger Research Center	2,582.00	2,581.00	N/A	1,229.00	2,791.00
644	Langdon Research Center	2,180.00	2,179.00	N/A	1,429.00	-
645	North Central Research Center	1,936.00	1,936.00	N/A	1,429.00	-
646	Williston Research Center	2,582.00	2,581.00	N/A	1,429.00	-
647	Carrington Research Center	4,678.00	4,678.00	N/A	2,714.00	5,231.00
649	Agronomy Seed Farm	970.00	968.00	N/A	-	-
651	Land Reclamation Research Center	6,698.00	6,696.00	N/A	-	-
665	ND State Fair	2,659.00	3,637.00	N/A	8,715.00	13,609.00
701	State Historical Society	16,782.00	16,778.00	N/A	9,000.00	14,564.00
709	Council on the Arts	1,776.00	1,774.00	N/A	857.00	1,433.00
710	Soil Conservation Committee	1,936.00	1,936.00	N/A	-	-
720	Game and Fish Department	40,174.00	40,167.00	N/A	10,286.00	31,755.00
750	Department of Parks and Recreation	11,034.00	11,033.00	N/A	7,572.00	12,177.00
770	State Water Commission	36,572.00	36,566.00	N/A	62,003.00	80,700.00
801	Department of Transportation	1,009,760.00	1,095,846.00	N/A	440,881.00	682,372.00
	Total - State Agencies	$ 4,994,786.00	$ 4,815,508.00	N/A	$ 2,276,414.00	$ 3,590,711.00

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Ag. #	Agency Name	Total Contributions Required 1995-1997	Total Contributions Required 1997-1999 *(NDIRF Paid)	Total Contributions Required 1999-2001	Total Contributions Required 2001-2003	Total Contributions Required 2003-2005
	AUXILIARY SERVICES/ OFF-BUDGET:					
227	Bismarck State College	5,919.00	6,370.33	N/A	$ 8,063.00	$ 21,957.00
228	UND - Lake Region	7,049.00	7,436.00	N/A	8,187.00	18,526.00
229	UND - Williston	918.00	992.00	N/A	1,815.00	3,897.00
230	University of North Dakota	277,586.00	270,135.28	N/A	212,826.00	346,706.00
232	UND Medical Center	-	-	-	21,757.00	63,135.00
235	ND State University	82,848.00	88,742.00	N/A	53,360.00	98,599.00
627	Upper Great Plains Trans Institute	-	-	-	3,604.00	7,302.00
630	NDSU Extension Service	-	-	-	17,390.00	27,614.00
638	Northern Crops Institute	-	-	-	484.00	1,289.00
640	NDSU Main Research Station	-	-	-	12,118.00	22,693.00
641	Dickinson Research Center	-	-	-	-	-
642	Central Grasslands Research Center	-	-	-	-	-
643	Hettinger Research Center	-	-	-	463.00	790.00
644	Landgon Research Center	-	-	-	-	-
645	North Central Research Center	-	-	-	-	-
646	Williston Research Center	-	-	-	-	-
647	Carrington Research Center	-	-	-	544.00	1,932.00
649	Agronomy Seed Farm	-	-	-	544.00	-
238	ND State College of Science	18,889.00	20,326.00	N/A	15,679.00	34,765.00
239	Dickinson State University	4,245.00	4,462.00	N/A	4,152.00	8,296.00
240	Mayville State University	9,019.00	9,667.00	N/A	5,301.00	15,937.00
241	Minot State University	22,188.00	23,797.00	N/A	12,703.00	22,916.00
242	Valley City State University	3,863.00	4,214.00	N/A	4,394.00	8,328.00
243	Minot State - Bottineau	1,718.00	1,735.00	N/A	3,687.00	3,476.00
244	ND Forest Service	2,183.00	2,231.00	N/A	1,951.00	3,493.00
	Total - Auxiliary Services/Off-Budget	$ 436,425.00	$ 440,107.61	N/A	$ 389,022.00	$ 711,651.00
	Total - State Agencies & Auxiliary Services/Off-Budget	$ 5,431,211.00	$ 5,255,615.61	N/A	$ 2,615,436.00	$ 4,302,362.00
	BOARDS & COMMISSIONS:					
	Abstractors Board of Examiners	$ -	$ -	N/A	$ -	$ -
	Accountancy, State Board of Public	2,078.00	2,120.00	N/A	2,120.00	1,819.00
	Addiction Counseling Examiners, Brd. of	1,615.60	1,624.00	N/A	1,624.00	1,564.00
	Architecture, State Board of	1,500.00	1,500.00	N/A	1,500.00	1,500.00
	Athletic Trainers	-	-	N/A	-	-
	Audiology & Speech/Language Pathology, Board of Examiners on	1,615.60	1,624.00	N/A	1,624.00	1,564.00
	Bar Board, State	1,962.40	1,996.00	N/A	1,996.00	1,756.00
	Barber Examiners, Board of	1,500.00	1,500.00	N/A	1,500.00	1,500.00
	Barley Council	2,193.60	2,244.00	N/A	2,244.00	1,883.00
	Beef Commission	2,078.00	2,120.00	N/A	2,120.00	1,819.00
	Chiropractic Examiners, State Board of	1,615.60	1,624.00	N/A	1,624.00	1,564.00
	Clinical Laboratory Practice, Board of	1,500.00	1,500.00	N/A	1,500.00	1,500.00
	Corn Utilization Council	1,500.00	1,500.00	N/A	1,500.00	1,500.00
	Cosmetology, State Board of	1,731.20	1,624.00	N/A	1,624.00	1,564.00
	Counselor Examiners, State Board of	1,615.60	1,624.00	N/A	1,624.00	1,564.00
	Dairy Promotion Commission	-	-	N/A	-	-
	Dental Examiners, Board of	1,615.60	1,624.00	N/A	1,624.00	1,564.00
	Dietetic Practice, Board of	1,615.60	1,624.00	N/A	1,624.00	1,564.00
	Edible Bean Council	1,962.40	1,996.00	N/A	1,996.00	1,756.00
	Education Standards & Practices Board	1,962.40	1,996.00	N/A	1,996.00	1,756.00
	Electrical Board, State	3,580.80	3,731.00	N/A	3,731.00	2,650.00

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Ag. #	Agency Name	Total Contributions Required 1995-1997	Total Contributions Required 1997-1999 *(NDIRF Paid)	Total Contributions Required 1999-2001	Total Contributions Required 2001-2003	Total Contributions Required 2003-2005
	Engineers & Land Surveyors, State Brd. of Registration for Professional	1,962.40	1,996.00	N/A	1,996.00	1,756.00
	Fair Board, State	1,500.00	1,500.00	N/A	1,500.00	1,500.00
	Funeral Service, State Board of	1,615.60	1,624.00	N/A	1,624.00	1,564.00
	Hearing Instrument Dispensers Board of Examiners	-	-	N/A	-	-
	Massage, Board of	-	-	N/A	-	-
	Medical Examiners, State Board of	2,424.80	2,492.00	N/A	2,492.00	2,011.00
	Milk Marketing Board	2,656.00	2,739.00	N/A	2,739.00	2,139.00
	Nursing, State Board of	3,210.88	3,359.00	N/A	3,359.00	2,458.00
	Nursing Home Administrators, State Board of Examiners for	1,500.00	1,500.00	N/A	1,500.00	1,500.00
	Occupational Therapy Practice, Brd. of	1,615.60	1,624.00	N/A	1,624.00	1,564.00
	Oilseed Council	1,731.20	1,748.00	N/A	1,748.00	1,628.00
	Optometry, ND State Board of	1,500.00	1,500.00	N/A	1,500.00	1,500.00
	Peace Officers Standards & Training Brd.	-	-	N/A	-	-
	Pharmacy, State Board of	1,846.80	1,872.00	N/A	1,872.00	1,692.00
	Physical Therapists, State Examining Com	1,500.00	1,500.00	N/A	1,500.00	1,500.00
	Plumbing, State Board of	2,193.00	2,244.00	N/A	2,244.00	1,883.00
	Podiatry, Board of Registry	1,500.00	1,500.00	N/A	1,500.00	1,500.00
	Potato Council	1,615.60	1,624.00	N/A	1,624.00	1,564.00
	Private Investigative & Security Board	1,615.60	1,624.00	N/A	1,624.00	1,564.00
	Professional Soil Classifiers, Brd. of Regis.	-	-	N/A	-	-
	Psychologist Examiners, State Board of	1,615.60	1,624.00	N/A	1,624.00	1,564.00
	Real Estate Appraiser Qualifications Brd.	1,500.00	1,500.00	N/A	1,500.00	1,500.00
	Real Estate Commission, ND	2,193.60	2,244.00	N/A	2,244.00	1,883.00
	Reflexology Board	-	-	N/A	-	-
	Respiratory Care, State Board of	1,615.60	1,624.00	N/A	1,624.00	1,564.00
	Social Work Examiners, ND Board of	1,500.00	1,500.00	N/A	1,500.00	1,500.00
	Soybean Council	1,731.20	1,748.00	N/A	1,748.00	1,628.00
	Veterinary Medical Exmnrs., State Brd. of	1,615.60	1,748.00	N/A	1,748.00	1,628.00
	Water Well Contractors, Board of	-	-	N/A	-	-
	Wheat Commission	3,118.40	3,235.00	N/A	3,235.00	2,394.00
	Total - Regulatory Boards	$ 78,119.88	$ 79,240.00	N/A	$ 79,240.00	$ 71,371.00
	Total General Liability Contributions	$ 5,509,330.88	$ 5,334,855.61	N/A	$ 2,694,676.00	$ 4,373,733.00
	Vehicle Liability Contributions:					
	Office of the Attorney General				$ 8,066	$ 8,362
	Adjutant General				436.00	452.00
	Department of Transportation				910,760.00	1,015,006.00
	Total Vehicle Liability Contributions				$ 919,262.00	$ 1,023,820.00
	TOTAL CONTRIBUTIONS TO RM FUND	$ 5,509,330.88	$ 5,334,855.61	N/A	$ 3,613,938.00	$ 5,397,553.00

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Operator's Signature

9/30/03
Date

The following e-mail messages summarize the University of North Dakota School of Medicine and Health Sciences malpractice insurance funding history and 2003-05 funding request:

-----Original Message-----
From: Alice Brekke [mailto:alice_brekke@mail.und.nodak.edu]
Sent: Monday, November 04, 2002 1:19 PM
To: jsmith@state.nd.us
Cc: Charles Kupchella; Randye@medicine.nodak.edu; laura.glatt@ndus.nodak.edu; Peterson@state.nd.us
Subject: Medical School Malpractice Insurance

Jim,
As follow up to our conversation I am providing a summary of the situation with the funding for malpractice insurance for the Medical School.

This inquiry was sent to Laura Glatt on March 7, 2002:
I had a conversation with Randy Eken (Medical School Administration and Finance) a few weeks ago regarding budget concerns and he raised a concern regarding continuation of the professional liability insurance for the Medical School. Some background information follows:

Several years ago, OMB Risk Management took over the purchase and management of our professional liability insurance program. When the legislature did this, they also took about $4 million dollars from the North Dakota Insurance Reserve Fund (NDERF) and gave it to OMB. Randy has indicated that most of the reserve fund dollars were built up by premiums paid to NDERF by the SMHS.

OMB Risk Management has been using the reserve fund dollars to help pay for liability insurance premiums, including the SMHS and UND. St. Paul Fire & Marine has notified OMB Risk Management that they will be cancelling our policy, effective June 30, 2002.

Al O'Niel (Medical School) met with OMB Risk Management (Jo Zschomler). The current market for liability insurance has caused rates to increase substantially. Jo indicated that we should maybe be preparing to pay for insurance (at a high rate) out of our budgets in the upcoming future.

The question and concern is that since OMB Risk Management has taken on services that previously had been done by agencies such as the SMHS, it follows that they should be responsible for securing funds from the legislature for the costs of the liability insurance. It is not sounding like this is going to be the case. If not, then the increased costs need to be added to the budgets of UND, SMHS, etc. and we should go back to managing our own risk management programs and policies.

Just want to alert you to this fact and keep it in mind as we prepare for the 2003-05 biennium. This could be a very costly problem for us.
<end of message>

Between March and June 2002, OMB staff spent significant effort to bid and obtain coverage for the Medical School. They were successful and are continuing to cover the premium for FY03. I think the total premium is about $925,000.

On June 21, 2002 I initiated a conference call to discuss this situation. Participants on the call included Sheila Peterson, Jo Zschomler, Laura Glatt, Randy Eken and Alice Brekke. As a result of this call, UND was instructed to include the amount to pay the premium in the agency budget request for the 2003-05 biennium for a total increase of $1,850,000.

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The following is the narrative that describes the request in the budget document:
Budget Change 15
Med Liab Ins
Effective July 1, 1997, the Office of Management and Budget, Risk Management Division assumed responsibility for payment of the medical malpractice insurance premium for the School of Medicine and Health Sciences as required by changes in legislation. The cost for the premium has increased from $258,000 (FY98) per year to about $925,000 (estimated for FY03). The majority of the increase occurred during FY02 and FY03. This coverage is required for the School of Medicine to operate.

Due to the magnitude of the increase and the mandatory nature of the coverage, UND was instructed to include the cost at the agency level for the 2003-05 biennial budget submittal. The cost of the premium is not currently part of the UND base budget.
<end of narrative>

In mid-October, I received a copy of the Preliminary Outlook-North Dakota, 2003-05 General Fund Budget October 2002 Update prepared by Legislative Council Staff. This report identified an estimated increase in risk management premiums including higher education of $800,000. Based on the information provided above with the amount submitted for the Medical School at $1,850,000, it appears that the amount for the Medical School has been excluded.

The malpractice insurance for the Medical School is a requirement. Due to the magnitude of the cost, it is not something that can be absorbed within existing resources.

The fact that the insurance premium increase request is included in the Medical School budget when OMB is the department with the funds and the authority to purchase the coverage already appears to be creating confusion. Per our conversation, this information is being provided in the interest of clarifying and addressing the situation prior to legislative session.

Please let me know if you have questions or need additional information.

Alice Brekke
Assistant to the President and Director, Budget
University of North Dakota
Box 8233
Grand Forks, ND 58202-8233
e-mail: alice_brekke@mail.und.nodak.edu
Phone: (701)777-2506
Fax: (701)777-3866

The following was a response from Sheila Peterson:
I would like to add one point of clarification. The $4M in excess reserves that was deposited into the Risk Management fund from NDIRF was attributable to the Medical School, DHS and DOT. The exact amounts that each contributed has been calculated and credited to those 3 entities. Not only did the medical malpractice premiums skyrocket, but the credit ran out also creating a double whammy.

Although the total amount in the fund held down premiums for all state agencies during the early years of the Risk Management program, the 3 that contributed to the excess reserves were fully credited their share.

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Alice, You have described the program accurately. I will check to see if the underwriter can give us a breakdown of the cost of the coverage for those auxiliary exposures. At one time I was told the cost for the contract providers to Human Services and Workers Comp was approximately two tenths of one percent of the premium. I have never had a report on the cost of the coverage for the programs at the other universities and colleges. I will follow up and report back to you as soon as possible.

Jo Zschomler, Director
Risk Management Division
(701) 328-6510
jzschoml@state.nd.us

-----Original Message-----
From: Alice Brekke [mailto:alice_brekke@mail.und.nodak.edu]
Sent: Tuesday, January 07, 2003 4:54 PM
To: jzschoml@state.nd.us
Cc: randye@medicine.nodak.edu; Jason Uhlir
Subject: Clarification

Jo,

I recently became aware that the policy referenced in the UND 2003-05 biennial budget for "medical malpractice" insurance is actually a broader health care liability insurance policy. The current policy (FY03) includes coverage for the UND, coverage for health related programs at other North Dakota University System institutions (Bismarck, Minot, Wahpeton, Williston, Dickinson, NDSU, and Bottineau) and coverage for independent contractors providing services to the Department of Human Services and ND Workers Compensation Bureau. What I need to clarify is whether the estimated premium of $1,850,000 for the 2003-05 biennium includes all of the above or is the UND share only. Also, have I accurately described the coverage? Thanks for your assistance!

Alice Brekke
Assistant to the President and Director, Budget
University of North Dakota
Box 8233
Grand Forks, ND 58202-8233
e-mail: alice_brekke@mail.und.nodak.edu
Phone: (701)777-2506
Fax: (701)777-3866

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Date

Exhibit #4
from Dean Wilson
School of Medicine
3rd day

DOES NORTH DAKOTA NEED FOUR FAMILY MEDICINE RESIDENCY PROGRAMS?

UND closed it's family medicine residency program in Fargo on June 30, 2002

WHY?

- At the present time, the numbers of students choosing careers in family medicine has **markedly** decreased.
- Last year, of the 477 existing training programs in family medicine, **21% of positions were unfilled** and only 47% of students matched to those programs graduated from American medical schools.
- In the match for 2002, there were **194 unfilled family medicine positions in the Midwest/North Central United States.**
- After serious thought and consultation, we elected to focus our resources and strengthen our remaining family medicine programs **at this time.**
- Make no mistakes, North Dakota does not need four programs, and **a fourth program in Fargo will seriously hurt the remaining programs!**

The **Fargo Family Medicine Program,** while successful, had the **fewest family doctors settling in rural North Dakota** by a large margin. Fargo will not have difficulties attracting family doctors—small towns in North Dakota continue to have great difficulty.

*ND programs *placement of family doctors 1991-2002*

	N.D. RURAL	N.D. URBAN	OTHERS**
Minot	27%	7%	
Bismarck	24%	41%	
Grand Forks	20%	28%	
Fargo	7%	39%	

* *Each program would graduate approximately 55-60 doctors in 12 years*
** *Urban & rural out-of-state, Indian Health Service, military, fellowships, Canada*

This Dean has suggested the Dakota Medical Foundation could lend their financial support to UND's Department of Family Medicine, the Grand Forks program within their service area, or in other ways...**THEY REFUSED!**

The Dakota Medical Foundation has stated that "MeritCare gained additional resident positions" because of the closure of the Fargo program.

This is **FALSE!**

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Fargo continues to have a **primary care residency program training general internists.** In addition, UND trains both nurse practitioners and physician assistants that will supply added work force.

Summary:

- All family medicine programs are having great difficulty attracting students to their training programs...many will not fill their positions.
- North Dakota cannot support four programs and cannot fill four programs with qualified medical graduates.
- When there are more students seeking training in family medicine, the medical school will be pleased to jointly sponsor a program in Fargo.
- **NOW IS NOT THE TIME.**

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LaCosta Richford 9/30/03

Operator's Signature Date

Ray Robertson
Dakota Medical Foundation
Exhibit # 1
4 day

A New Regional Family Practice Residency Program - ND

DMF Commitment! Dakota Medical Foundation is committed to assisting in meeting the future health care needs of ND through the development of a new family practice residency and enhanced loan forgiveness programs for physician recruitment to underserved areas of ND. This three-year residency will train young primary care physicians to serve the region and the state. It replaces the program that was closed in Fargo. DMF has pledged over $7 million for this program.	*$7 million pledged by DMF*
Why was the Family Practice Residency closed in Fargo? On June 30, 2002, UND closed the residency program for financial and management reasons. It was very successful over its 25-year existence with 75% of its graduates staying in ND and MN. Under the circumstances, closing the residency may have been the only reasonable solution. Dakota Medical Foundation offered to provide substantial financial assistance to develop a new program, but the Dean declined the many offers. UND was able to cap its financial loss of $450,000 and MeritCare gained additional resident positions providing financial relief at a time when the government capped reimbursement for resident positions.	*UND F.P. Residency closed in 2002*
Why start a new residency if Family Practice is having a difficult time attracting medical students? Family Medicine is the backbone of the primary health care system. The specialty has been declining primarily due to physician lifestyle issues and heavy student debt burdens coupled with poor reimbursement, particularly Medicare. Aggressive loan forgiveness and national attention to reimbursement issues must happen to protect our future primary health care system. These are significant issues that will impact the lives of all citizens. This is particularly true for North Dakota and its rural underserved areas. This new residency would not graduate the first five family physicians until June 2009.	*Family Medicine is the backbone of primary care*
Do we need another (replacement) Family Practice Residency in North Dakota? Yes! The driving force behind this effort is planning for future medical manpower needs of ND. Dakota Medical Foundation, at the urging of community physicians and other leaders, has completed an exhaustive analysis and sought the advice of various experts in the field of Family Medicine. A new residency in Fargo/Moorhead would serve the urban and rural needs of the fastest growing and most populous region of North Dakota and western Minnesota. Over 1,077,278 people reside within a 125-mile radius of Fargo/Moorhead. Cass/Clay counties have 174,367 people and are projected to grow an additional 23% over the next ten years. Over half the population of North Dakota 338,919 residents would be served by this residency which includes rural areas. According to the UND Center for Rural Health there are still many underserved communities seeking to recruit family physicians. The Dean's letter in the UND October/Review 2002 discusses expansion of the medical school class and the realities of medical practice today. He states: "more physicians will be needed in the future. Current trends indicate that young physicians are unwilling to make the same sacrifices as doctors did years ago." He further states "the graying of America will lead to an increasing demand for physician services. Older populations require more care." Over 30% of primary care physicians will be over the age of 55 by 2009. Many replacements will be needed. Data from the North Dakota Medical Association indicates that the practicing physician population has declined by 128 physicians since 1999. The North Dakota Academy of Family Physicians has taken action by passing a resolution supporting this new residency.	*Significant local and regional support for new residency* *ND has lost 128 physicians since 1999*

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Is UND supportive of this new residency? The medical school was given every opportunity to become involved in the planning and development of this residency. The Foundation offered to provide long-term funding directly to UND to implement and operate a new program to be designed by them. The Dean has continuously declined to be involved and has publicly stated that he is opposed to a new program.	*UND does not support a new F.P. Residency funded by DMF*
Is legislative action or funding needed to develop this new program. No! The residency will not seek any state funds. Our goal is to keep people informed and seek the cooperation of the medical school at UND in developing this residency. UND has declined to become the academic affiliate even with the offer of DMF support. The planning team is working with other potential partners such as the University of Minnesota, or another suitable academic affiliate.	*No new state funds required*
When will the residency start and how many residents? Planning and implementing a new residency is a long-term process. This program would train 15 residents with five in each of the three-year curriculum. The first residents would enter the program in June 2005. The first five doctors would graduate in 2008. The residency would be located at Innovis Hospital in Fargo but would be affiliated with other hospitals and clinics including a number of rural sites. Residents could do rotations at rural hospitals and clinics. The annual operating budget will exceed $3.5 million. Over the next ten years the federal government will invest over $20 million with DMF committing slightly over $7 million. Additional revenue will be generated by physician practice income and grants. A family practice clinic would be established for residents to see patients.	*First 5 graduates in 2009*
Who will run the residency and how will it be funded? A new community based educational foundation would be created to sponsor and operate this residency. A governing board will be installed representing rural and urban interests. The residency will be funded through special provisions of Medicare known as Graduate Medical Education, which is only available to new residency programs. In addition to federal funding, Dakota Medical Foundation will provide ongoing support to the program along with funds generated through the practice of medicine in the family practice clinic. In-kind services will be provided by the sponsoring hospital.	*Majority of new funding from Medicare GME and DMF*
Will the new family practice residency have a negative impact on the existing residencies in Minot, Bismarck, and Grand Forks? No! The former Fargo program existed for 25 years and competed for medical students along with the other programs. Medical students have a choice. There are currently 477 Family Practice residencies in the United States and students are free to select any one of these programs. Quality residencies attract quality students. A new residency can be good for improving the performance of all the F.P. residencies. We would hope that the quality of all the North Dakota programs would continue to improve making them more marketable to students.	*477 F.P. Residencies nation-wide compete for students*

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What are the benefits of a Family Practice Residency? • Improves patient access by training more physicians • Improves patient care through state-of-the-art medical education programs • Creates significant economic impact exceeding $50 million in the first ten years • Creates upwards of 40 new jobs • Resident doctors provide vital coverage for emergency room • Exposes residents to rural opportunities through rural rotations • No new state funds are required • Provides economic advantages to smaller communities • Can provide weekend coverage for rural hospital emergency rooms. • Assists in providing charitable/indigent care	*Many more educational and economic benefits*
How will we ensure that residents stay and practice in underserved rural areas? In addition to supporting resident training, Dakota Medical Foundation is committed to partnering with communities attempting to recruit physicians through aggressive loan forgiveness funding. We must create opportunities for new family practice doctors to locate in areas of highest need with loan forgiveness as a major factor. On average, residents owe over $100,000 when they graduate. The Foundation is considering a more enhanced loan forgiveness program that would cooperate with existing federal and state programs and be available to all family practice residents being trained throughout North Dakota.	*Enhanced loan forgiveness critical for future recruitment and retention*

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JoCosta Rickford 9/30/03
Operator's Signature Date

EERC Facts

History

1951 - Established as U.S. Bureau of Mines Robertson Lignite Research Laboratory.
1977 - Designated as one of five Energy Technology Centers with the U.S. Department of Energy.
1983 - Defederalized
- Facilities given to University of North Dakota.
- Renamed UND Energy Research Center.

1989 - Renamed UND Energy & Environmental Research Center.
1994 - $7.6 million expansion of labs and pilot plant facilities completed.
1997 - April flooding of the Red River forces EERC to close for 20 days.
- EERC flood damages estimated at $40 to $45 million in lost equipment and business.

1998 - EERC laboratories damaged in flood become fully operational.
2000 - Annual contract awards exceed $15 million.
2001 - Annual contract awards exceed $19 million.
2001 - Celebrated 50 years of innovative energy and environmental research.
2002 - Broke ground on $8 million addition.

Contracts

- In FY02, the EERC had 233 active contracts, of which 84% were with private sector clients.

Employment

- Total employment of 250 in-house scientists, engineers, and support personnel, including 20 full-time-equivalent employees supported elsewhere on UND campus.
- 56% of employees are from North Dakota.
- 19% of employees are from Minnesota.
- 4% of employees are from South Dakota.
- 53% of degreed employees are graduates of UND.
- 58% of degreed employees are graduates of the North Dakota University System.
- In FY02, salaries and benefits were $10.4 million, with an estimated regional impact of more than $43 million.

Travel

- Spent more than $750,000 in FY02 on travel.

Visitors

- Averages three groups a week.
- In FY02, the EERC hosted over 1650 visitors, which included many international visitors and students (preschool through college).

EERC Economic Impact



EERC Technology – Putting Research into Practice

EERC

Creating Opportunities

The Energy & Environmental Research Center (EERC) at the University of North Dakota (UND) is recognized internationally for its expertise in scientifically advanced energy systems and pollution prevention and cleanup technologies for air, water, and soil.

Established as a federal research and development facility in 1951, the EERC has been part of UND since 1983 when it was defederalized by the U.S. Department of Energy. Today, the EERC is recognized as one of the world's leading developers of energy and environmental technologies.



Director Gerald Groenewold

Through its development of innovative, practical solutions to today's pressing energy and environmental problems, Director Gerald Groenewold says the EERC is helping the area economy grow. "The Center is one of the best examples in this region of new wealth creation."

In addition, while pursuing its mission to address critical technical issues, solve problems, and help society, the EERC provides environmentally friendly, high-tech jobs that pay well. "It's a shame that we provide our children with quality educations, only to have them leave the state," Groenewold says. "The economic future of this region depends on the types of jobs the EERC is striving to create."

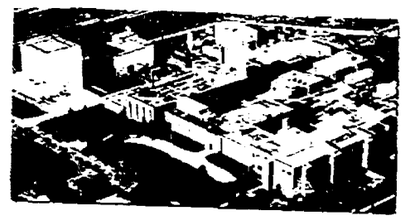
The impact of the EERC on the regional economy is substantial. The EERC has fostered the creation of several new businesses in the Grand Forks region that are based on technology and expertise developed at the EERC. It also commercializes innovative technologies and processes through partnerships with industry and government.



Ground was broken July 30, 2002, for this $8 million project, which will update existing facilities and add 47,000 square feet of space to the current 169,000 square feet. The new facilities include two 3-story buildings that will accommodate 90 additional staff, new laboratories, and meeting rooms.

Global Connections

The EERC has enjoyed extraordinary growth since being defederalized in 1983 and has had over 700 clients in 47 countries and 50 states. The EERC's list of clients includes hundreds of national and international companies from giants such as General Motors, the 3M Company, General Electric, and British Petroleum to key regional firms such as Otter Tail Power Company and American Crystal Sugar Company. In addition to corporate clients, the EERC works with scores of domestic and international academic institutions and government agencies.





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A Resource for Jobs

The EERC employs an exceptionally talented group of people whose work attracts business from around the world. While people from all corners of the world can be found at the EERC, three quarters of its employees come from North Dakota and Minnesota, and 53% of degreed employees are graduates of UND.

One of the biggest employers in the Grand Forks region, the EERC gives area residents, particularly its youth, a good reason to live and work in the place they call home.

Student Employment

Each year, the EERC employs approximately 50 students from UND and other universities, ranging from undergraduates to postdoctorates. Students come from across the nation and around the world to take advantage of the opportunity to gain hands-on experience by working with the Center's team of multidisciplinary scientists and engineers.

EERC Professionals

Chemistry
- Analytical Chemistry
- Applied Chemistry
- Biochemistry
- Fuel Chemistry
- Geochemistry
- Hydrochemistry
- Inorganic Chemistry
- Organic Chemistry
- Physical Chemistry
- Process Chemistry

Engineering
- Biochemical Engineering
- Chemical Engineering
- Civil Engineering
- Electrical Engineering
- Energy Engineering
- Engineering Management
- Environmental Engineering
- Geological Engineering
- Industrial Engineering
- Mechanical Engineering
- Sanitary Engineering
- Thermal Engineering

Sciences
- Anthropology
- Applied Physics
- Archeology
- Bacteriology
- Biology
- Biomedical Research
- Computer Science
- Earth Science
- Environmental Biology
- Environmental Geology
- Environmental Science
- Fuel Science
- Geography
- Geohydrology
- Geological Sciences
- Geology
- Geophysics
- Hydrogeology
- Materials Science
- Mathematics
- Microbiology
- Mineralogy
- Natural Sc

- Paleontology
- Petroleum Geology
- Physical Science
- Physics

Other Disciplines
- Accounting
- Business
- Computer Information Systems
- Education
- English
- Environmental Technology
- Fine Arts
- General Agriculture
- German
- Humanities
- Industrial Technology
- Information Management
- Journalism
- Management
- Management

n Systems

- Marketing
- Psychology
- Research Methodologies
- Theater Arts
- Visual Arts

Technical Expertise and Capabilities
- Administrative Assistants
- Certified Welders
- Computer Programmers
- Database Analysts
- Database Managers
- Electricians
- Electronic Technicians
- Financial Analysts
- Graphic Artists
- Instrumentation Technicians
- Machinists
- Maintenance Mechanics
- Metallurgists
- Technical Editors
- Technology Demonstration



EERC Summary

Philosophy

To develop innovative solutions to energy and environmental issues worldwide and to facilitate commercialization of innovative new technologies.

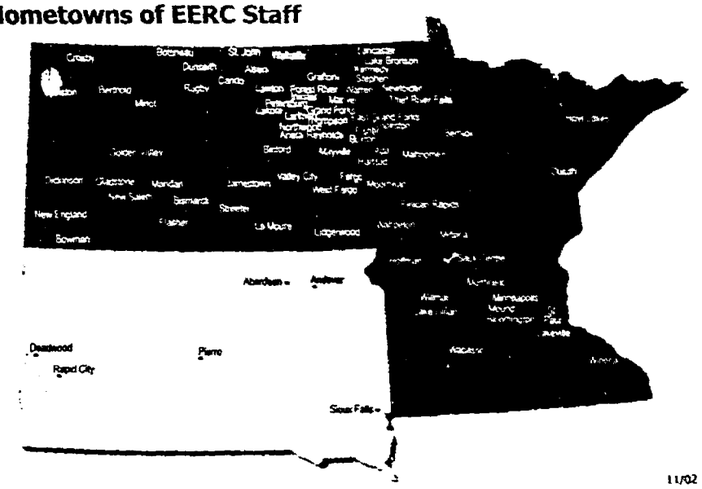
Strategy

The EERC researches and develops energy and environmental technologies in partnership with private companies, government agencies, and academic institutions. Following development, the EERC seeks to demonstrate and commercialize promising technologies, working with our private industry partners.

Programs

- Cleaner, more efficient energy technologies including coal, wind, biomass, ethanol, and biodiesel
- Air, water, and soil pollution prevention
- Water management (flood control and drought protection)
- Soil and water contaminant cleanup
- Waste management and utilization
- Education and training

Area Hometowns of EERC Staff



For More Information Please Contact:

Energy & Environmental Research Center
PO Box 9018
Grand Forks, ND 58202-9018
Phone: (701) 777-5000
Fax: (701) 777-5181
www.undeerc.org

Gerald H. Groenewold
Director
Phone: (701) 777-5131
E-mail: ghg@undeerc.org

11/02

Prepared by the North Dakota Legislative Council
staff for House Appropriations
January 13, 2003

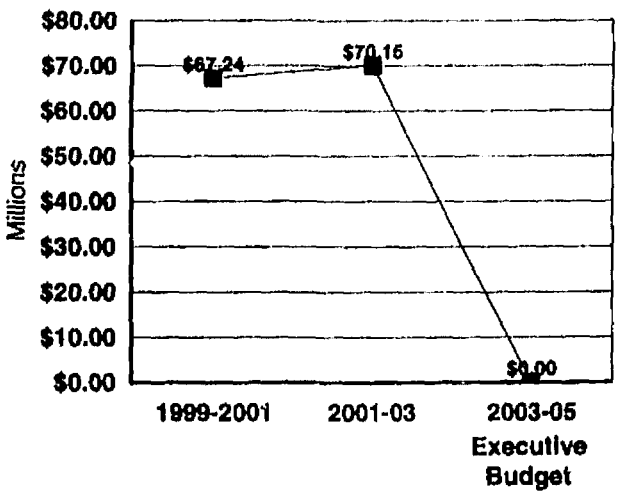
Department 235 - North Dakota State University
House Bill No. 1003

	FTE Positions	General Fund	Other Funds	Total
2003-05 Executive Budget	0.00	$0	$0	$0
2001-03 Legislative Appropriations	805.49	70,150,396[1]	35,366,348	105,516,744[2]
Increase (Decrease)	(805.49)	($70,150,396)	($35,366,348)	($105,516,744)

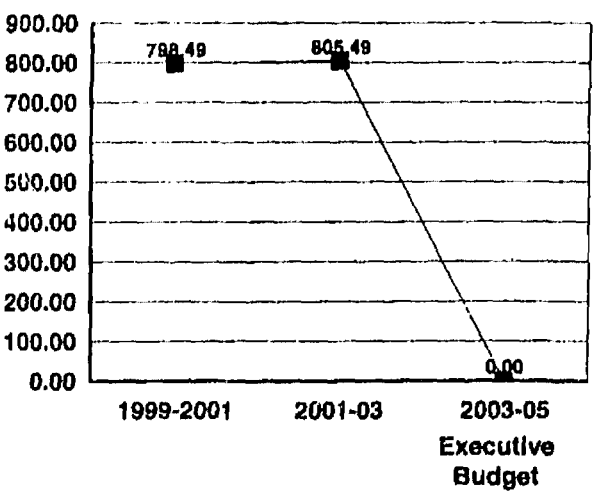
[1] The 2001-03 general fund appropriation is the amount appropriated by the 2001 Legislative Assembly and does not include a reduction of $848,705 relating to the 1.05 percent budget allotment ordered by Governor Hoeven in July 2002.

[2] The 2001-03 appropriation amounts include a general fund allocation of $1,481,649 from the equity and special needs funding pool. The 2001-03 appropriation amounts do not include a 1999-2001 general fund carryover of $1,517,332, and a $12.5 million special funds line of credit for flood disaster recovery.

Agency Funding - General Fund



FTE Positions



Executive Budget Highlights

	General Fund	Other Funds	Total
1. Consolidates funding for all higher education into the University System office budget	($70,150,396)	($35,366,348)	($105,516,744)

Major Related Legislation

House Bill No. 1039 - Special funds continuing appropriation - This bill provides for the continuation of the continuing appropriation of higher education institutions' special revenue funds, including tuition.

House Bill No. 1040 - Unspent general fund appropriations - This bill provides for the continuation of the University System's authority to carry over at the end of the biennium unspent general fund appropriations.

House Bill No. 1041 - Budget request and appropriation - This bill continues the requirement that the budget request for the University System 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. The bill also continues the requirement that the appropriation for the University System include block grants for a base funding appropriation and for an initiative funding appropriation and an appropriation for asset funding.

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NORTH DAKOTA STATE UNIVERSITY
FARGO, ND

HOUSE APPROPRIATIONS SUB-COMMITTEE

Rep. Bob Martinson, chair
2:30 p.m.
Tuesday, January 14, 2003

HB 1003

NORTH DAKOTA STATE UNIVERSITY

Joseph A. Chapman, President, NDSU

www.ndsu.edu/legislators

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NDSU

NORTH DAKOTA STATE UNIVERSITY
FARGO, ND



MAJOR THEMES

IT'S ABOUT PEOPLE

At NDSU, student learning occurs through faculty and staff guidance. Increased investments in people are critical to attracting and retaining quality faculty and staff, thereby increasing NDSU's educational standards. As part of this increased investment, faculty and staff salaries will be increased to the mid-range of professional peers. NDSU can continue its progress toward being at the midpoint of our peer institutions by being creative in funding its salary pools. Sources of new money will be invested in people through graduate and undergraduate enrollment growth and growth in research activities.



STUDENTS ARE PARAMOUNT

NDSU will increase student enrollment to 12,000 students, including increasing graduate student enrollment to 15 percent of total student enrollment.

While NDSU exists to serve multiple stakeholders, service to students is paramount. This is accomplished by providing superior learning environment in and out of the classroom at a cost, which is a true value to students and all citizens of North Dakota.



LEVERAGING SUPPORT

NDSU, as described in the report of The Roundtable for the North Dakota Legislative Council Interim Committee on Higher Education, will take increasing responsibility for securing the financial resources needed to provide service and education for the people of North Dakota. NDSU plans to accomplish this by leveraging its resources through strategic partnerships with North Dakota, national and global businesses.



PROGRAMS

NDSU is an investment by the people of North Dakota in individual and collective economic well being and quality of life. For this reason, the university will aggressively engage in statewide collaborative efforts with North Dakota businesses and with member institutions of the North Dakota University System.

NDSU will use emerging technologies to expand capabilities to meet student demand in the university's traditional areas of focus including agriculture, engineering, applied sciences and extension, as well as expansion into new academic areas and professional fields.

NDSU will emphasize increasing the university's international focus to enhance North Dakota's competitiveness in the global economy.



STATURE

NDSU should advance to the level of Doctoral and Research University-Extensive in the new Carnegie classification system. To reach the Extensive classification will require the graduation of 50 or more doctorates in at least 15 academic disciplines per year.

NDSU will build public support for its mission and higher education by increasing public awareness of the many services the university provides.

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North Dakota State University
An Institutional Transformation

Three years ago, North Dakota State University faculty, staff and students began an institutional transformation. The challenge was to retain historic values and services while becoming the great land-grant university North Dakota needs and deserves. Using the flexibility granted by legislators and the Board of Higher Education to make decisions locally and quickly, tremendous progress has been made. NDSU's minimum general fund appropriation requirement is $69,942,350.

Five major campus themes have guided our efforts.

It's About People

Goal: Increase faculty and staff salaries to mid-point of professional peers.
Progress: Using local funding sources, salary increases of 3 percent and 2 percent were increased to 9.5 percent for the biennium.

Students Are Paramount

Goal: Increase enrollment to 12,000, primarily targeted at the graduate level.
Progress: Fall 2002 enrollment was 11,146, up from 10,538 in 2001. Graduate enrollment increased by 167 during this period while freshmen enrollment was down by 102 students.
Goal: Provide a superior learning environment in and out of the classroom.
Progress: Twenty-three new faculty positions have been filled, new classrooms added, and new on-campus housing opened with more under construction.

Leveraging Support

Goal: Take increasing responsibility for securing the financial resources needed to provide service and education to the people of North Dakota.
Progress: NDSU has entered into community partnerships for an equine center, downtown creative arts center, and research and technology park. The park, now with three buildings, is the centerpiece of the NDSU/UND research corridor that is bringing new jobs and businesses to our state. Research expenditures have grown from $35 million FY 99 to an estimated $80 million FY 02, with a goal of $100 million.

Programs

Goal: Engage in statewide educational collaborations
Progress: Emerging leaders from communities across the state have participated in the Extension Service's Rural Leadership Program. The College of Pharmacy's telepharmacy program helps maintain local pharmacy services in smaller communities. Internships opportunities are placing more students with state businesses.
Goal: Meet student demands in traditional and emerging disciplines
Progress: In the past 3 years, 19 new doctoral programs have been added, including food safety, criminal justice, and engineering.

Stature

Goal: Advance to the Doctoral and Research University – Extensive classification.
Progress: Current research expenditures meet criteria while new doctoral programs will soon allow the university to grant 50 doctorates per year.

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NORTH DAKOTA STATE UNIVERSITY

GENERAL FUND APPROPRIATION
(Excluding HECN/Campus Computer Budget)

	2001-03	Executive Recommendation 2003-05	Increase/ Decrease
Operations	$ 68,204,819	$ 68,204,819	$ -
Capital Assets:			
Extraordinary Repairs	$ 1,737,531	$ 1,737,531	$ -
Total General Funds	**$ 69,942,350**	**$ 69,942,350**	**$ -**

(2001-03 Column excludes tuition and one-time adjustments)

"OTHER FUNDS" APPROPRIATED
In the 2003-05 EXECUTIVE RECOMMENDATION

Major Capital Projects:		
Bison Sports Arena Renovation (HB1003)	$ 15,000,000	
Bison Court Apt. Bldg. Replacement (HB 1003)	$ 11,000,000	
Energy Improvement Program (HB1023)	$ 1,077,977	(State Bonding)
Total Other Funds	**$ 27,077,977**	

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NORTH DAKOTA STATE UNIVERSITY

2002-03 RESIDENT TUITION RATES

Regional Institution Comparisons

Source: NDSU Office of Admission

North Dakota State University (12-20 credits)	$ 2,904	
Minnesota State University-Moorhead (16 credits)	$ 3,365	
University of North Dakota	$ 2,954	
University of Minnesota-Twin Cities	$ 5,420	
St. Cloud State University	$ 3,691	
Bemidji State University	$ 3,782	
South Dakota State University	$ 3,658	*
Montana State University	$ 2,900	
University of Minnesota-Duluth	$ 5,956	

*Includes $789 per semester university support fee

ENROLLMENT HISTORY

Source: NDUS Fall Enrollment Report

	Headcount	Increase	FTE	Increase
Fall '92	9,269		7,504	
Fall '93	9,507	238	7,917	413
Fall '94	9,665	158	8,092	175
Fall '95	9,676	11	8,196	104
Fall '96	9,598	(78)	8,190	(6)
Fall '97	9,408	(190)	8,079	(111)
Fall '98	9,536	128	8,142	63
Fall '99	9,638	102	8,253	111
Fall '00	9,894	256	8,469	216
Fall '01	10,538	644	9,056	587
Fall '02	11,146	608	9,368	312

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NORTH DAKOTA STATE UNIVERSITY

"OTHER FUNDS" NOT APPROPRIATED

The Following Additional Costs Are Included in the Hold-Even Budget Funded Primarily With Tuition Increases:

Cost to Continue 2002-03 Salary Increase	$ 2,344,404
Additional Operating Costs	$ 2,970,408
Health Insurance Increase (20.43%)	$ 1,847,112
2003-05 Salary Increase (3%/Year)	$ 4,464,089
Library	$ 500,000
Student Programs and Facilities	$ 710,000
Salaries and Support for Additional Faculty and Staff	$ 2,190,000
Classroom Building Renovations	$ 220,000
Total Additional Costs	**$ 15,246,013**

	2001-03	2003-05	Increase/ Decrease
Estimated Tuition	$ 56,231,856	$ 70,676,843	$ 14,444,987
State Land	$ 1,330,974	$ 1,132,000	$ (198,974)
Indirect Cost Recoveries	$ 1,000,000	$ 2,000,000	$ 1,000,000
Total Other Funds	**$ 58,562,330**	**$ 73,808,843**	**$ 15,246,013**

Tuition Increase of $14,444,987 consists of:

Continuation of the 2002-03 tuition increase of $150	$ 1,319,875
Continuation of the 2002-03 new students	$ 871,200
Tuition increase of $470 in 2003-04; $470 in 2004-05	$ 12,253,912
Total	$ 14,444,987

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NORTH DAKOTA STATE UNIVERSITY

1/13/03

2003-05 NEEDS BASED BUDGET

Priority Rank	Description/Strategy	Funding Type	Amount
1	Cost to Cont. '03 Salary Incr.	Parity 1	$ 522,357
2	Health Insurance Increase	Parity 2	$ 913,520
3	03-05 Salary Increase	Parity 3	$ 2,614,317
4	Operating Inflation	Parity 4	$ 726,212
5	Adjust faculty/staff salaries/compensation to midpoint of peers based on performance, internal equity, and marketplace. Seek most qualified and diverse faculty and staff by developing competitive compensation and start-up packages.	Equity 1	$ 4,523,021
6	Provide resources and improve research infrastructure to increase competitiveness for merit-based peer-reviewed research grants. Advance the research mission of the university by identifying new opportunities through federal government initiatives. Work to increase federal and private research funding.	Equity 2	$ 4,220,338
7	Health & Safety/ADA	Capital 1	$ 603,682
8	Renew efforts to improve diversity in student/faculty/staff populations.	Equity 3	$ 75,000
9	New online library databases and full-text electronic journals requested by academic departments to support new graduate programs.	Equity 4	$ 247,538
10	Improve the student learning experience including enhancing undergraduate research opportunities, incorporating experiential learning into academic programs, exposing students to advances in technology. Provide opportunities for graduate and undergraduate students to gain first-hand experience with business and industry.	Equity 5	$ 1,000,000
11	Major Repairs - Roofs	Capital 2	$ 271,834
12	Examine current programs for adequacy in resources and infrastructure.	Equity 6	$ 1,145,880
13	Major Repairs- Mechanical	Capital 3	$ 600,000
14	Water Main Repairs	Capital 4	$ 400,000
15	Steam Line/Emergency Repairs	Capital 5	$ 331,978
16	Implement *ConnectND*	Equity 7	$ 947,980
17	Facilitate start-up businesses & entrepreneurial activity. Facilitate the transfer of technologies developed at NDSU to the private sector. Expand/nurture industrial and other partnerships.	Equity 8	$ 567,500
18	Increase the creation of multi-investigator and interdisciplinary research centers at NDSU. Encourage interdisciplinary research and instruction.	Equity 9	$ 80,000
19	Expand external funding - facilitate/support proposal writing, interdisciplinary units.	Equity 10	$ 32,500
20	Major Repairs - Remodeling	Capital 6	$ 744,787
		Total	**$ 20,568,444**

Parity	$	4,776,406
Equity	$	12,839,757
Capital	$	2,952,281
Total	$	20,568,444

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NORTH DAKOTA STATE UNIVERSITY

BISON SPORTS ARENA RENOVATION — $ 15,000,000

Dedicated in 1970, the Fieldhouse and Physical Education Classroom Building featured the largest indoor seating capacity of any building of its type in the state and was opened as one of the finest multi-purpose facilities in the region. The facility consisted of 150,639 square feet of space that was divided into three levels. The main floor housed an all-purpose gymnasium, track, offices, lockers, classrooms, training and exercise room, and swimming pool; the second level contained handball and basketball courts; and the third level provided future space for offices and a press box.

The Bison Sports Arena (as it is known today) remains as the home of the Athletic Department. The multiple uses of the facility have been overwhelming due to the increase in sports, teams, and athletes, the number of which has almost doubled since the facility opened. Students, staff, faculty, and members of the community also extensively utilize the facility. As such, a major renovation is critical to meet the increased usage of the Bison Sports Arena.

The emphasis of the work at the BSA will involve improvements to the facility and the existing infrastructure. Areas of emphasis will include: HVAC system, ADA compliance, locker room expansion/upgrades, athletic training areas, classroom technology enhancements, and offices/conference/meeting rooms relocation (for space efficiency). Along with these, refurbishment of the pool area for better ventilation, chemical monitoring, and leak repair, replacement of the unsafe playing surfaces in the building, and replacement of the bleacher systems due to safety issues and concerns are also being planned.

Funding for this project would be provided through private funds obtained by fund raising and would be classified as local funds. No additional operating costs are being requested, as the building will not be enlarged.

Quality athletic facilities impact several areas: recruitment, marketing, corporate sponsorships, campus/community usage, and attraction and retention of the highest caliber of athletes and coaches. In order to help protect the State's investment, the proposed improvements to the Bison Sports Arena would provide an increased level of quality and safety for the athletes, the campus, and the community.

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BISON COURT APARTMENT BUILDING — $ 11,000,000

Bison Court was constructed in 1958 to provide additional housing for a predicted increase in married students and veterans on campus. The 38,000 square foot facility consists of 58 garden level units – 27 one-bedroom apartments, 30 two-bedroom apartments, and one three-bedroom apartment. The apartments contain a living room, kitchen, bathroom and bedroom(s) but lack a laundry room within each unit. They also lack the privacy, amenities, space, and storage today's students seek in apartment-style living on campus.

A study was commissioned by the Division of Student Affairs and its Residence Life Department to determine the feasibility of remodeling Bison Court. The recently completed report identified approximately $1.85 million in infrastructure costs needed to renovate the existing facility before remodeling could take place - $137,500 (exterior construction); $76,000 (interior construction); $958,800 (mechanical upgrade); $134,000 (electrical upgrade); $274,323 (design and other fees); and $268,482 (4% inflation factor per year to the year 2006). As a result, it was determined that it would be more economically feasible to replace the existing structure and infrastructure than to remodel the current facility.

The present Auxiliary Services Building was constructed in 1972. It currently houses the administrative offices for Residence Life, Dining Services, a warehouse and also the bakery. Due to space limitations and the age and function of the Auxiliary Services Building, the Division of Student Affairs considers it beneficial to relocate and incorporate these services into the proposed new facility. These departments are in the need of additional space, and the age of the building also poses additional costs in replacing the roof and rehabilitating the current mechanical system. Moreover, Dining Services plans to discontinue its warehouse function for the campus in the next three years. By delivering products directly to the three dining operations, there will be a cost savings for Dining Services as well as an increased efficiency in operations. By relocating the departments to the new facility, they would also be more centrally located to better serve the students living and dining on campus.

These combined factors led to the development of the proposed project. The Bison Court Apartment Complex will be a three-story, slab on grade, wood frame building encompassing 100,000 square feet. The fully accessible building will have a 220-bed capacity comprised of 80 two-bedroom and 20 three-bedroom apartments. The apartments will include a living area and kitchen, bedrooms, two bathrooms, walk-in closets, data ports for high-speed Internet access, cable television and air conditioning. Laundry facilities with a vending room will be located on each floor as well as lounges for studying and social interaction. As mentioned above, the administrative offices for the Department of Residence Life and Dining Services and a bakery will also be included in the facility, encompassing an additional 15,000 square feet.

NDSU requests that this project replace the proposed $9.0 million Living Learning Residence Hall West currently listed as a Non-State Funded Project in the NDUS 2003-05 Major Capital Project Ranking SBHE Priority List and as the number 4 ranked project in NDSU's 2002 Campus Master Plan Proposed Capital Projects Master List for the 2003-05 biennium. The major difference in the projects is the apartment size – the Bison Court Apartments will be larger as compared to the LLC-West. Building comparisons are as follows:

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	Current Bison Court	Proposed Bison Court
Square Footage	38,000 sq. feet	100,000 sq. feet
No. of Stories	1	3
Building Type	Concrete block and brick	Wood frame with wood trusses for floors and roof
No. of Apartments	27 one-bedroom 30 two-bedroom 1 three-bedroom	80 two-bedroom 20 three-bedroom
Amenities	One bathroom, telephone	Two bathrooms, walk-in closets, data ports for high speed internet access, cable television, air conditioning
Laundry Facilities	One per building	One per floor
Lounges	None	One per floor

NDSU assessed student priorities, and the current location of the Bison Court Apartments was given precedence for its location to other housing and dining facilities, future expansion capabilities, and access to athletic facilities, campus core, public transit and the community. The University believes that by doubling the area of the current building, sufficient space will be realized to satisfy increasing enrollment and the income needed for the project.

The total cost for the project is approximately $11.0 million – $9.0 million for the apartment complex, $0.50 million for parking, asbestos abatement and demolition of the current facility, and $1.5 million for the administrative offices and bakery. Financing will be through revenue bonds. An emergency clause is being requested so that architect selection may begin spring 2003 with the design phase following during the summer of 2003.

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Operator's Signature

9/30/03
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ENERGY IMPROVEMENT PROGRAM $ 1,077,977

The State Facility Energy Improvement Program (SFEIP) was introduced and passed by the Fifty-sixth Legislative Assembly in SB2312 and is encompassed in N.D.C.C. 54-44.5-08. These enactments allow the state to bond for energy conservation programs, and the utility cost savings associated with the planned modifications in the agency/campus budget are intended to cover debt service costs. If the campus realizes more savings than what is being projected, it will be able to keep the additional savings. In contrast, if the actual savings are less than projected, the campus will have to fund the shortfall within the current appropriation because no additional funds would be provided. Bonds issued for this purpose do not count towards the statutory limitation for bonded indebtedness issued by the state and thus, will not set energy conservation proposals against other major capital needs requiring state bonding support.

The program is designed to identify potential state facility energy improvement projects and to select facilities for in-depth energy audits. The objective is then to provide funding for the purchase and installation of energy improvements that, when implemented, will significantly reduce energy consumption and costs, while updating energy systems.

This is the second cycle of projects submitted by NDSU under SFEIP. The first cycle of projects, which included a combination of replacement of lighting and ballasts, vending machine controls, and pneumatic room controls ($296,348), was authorized by the SBHE at the September 2001 meeting. These projects are now under way. The currently proposed projects will involve a combination of such items as fan, pump and hood VAV (variable air volume) controls replacements/modifications, pneumatic room control replacements, steam trap repairs, lighting retrofits, and the maintenance, repair and balancing of existing equipment and systems in the following NDSU buildings with the project costs, annual savings, and simple paybacks also listed:

PROPOSED BUILDING/ PROJECT	ESTIMATED COST	ESTIMATED ANNUAL SAVINGS	PAYBACK (YEARS)
Memorial Union	$ 278,370	$ 38,224	7.3
Family Life Center	$ 605,007	$ 86,505	7.0
E. Morrow Lebedeff Hall	$ 54,814	$ 6,479	8.5
Bentson/Bunker Fieldhouse	$ 139,816	$ 14,114	9.9
Total	**$ 1,077,977**	**$ 145,322**	**7.4**

The energy cost savings realized will be used to cover the debt service on the bonds issued to finance the projects.

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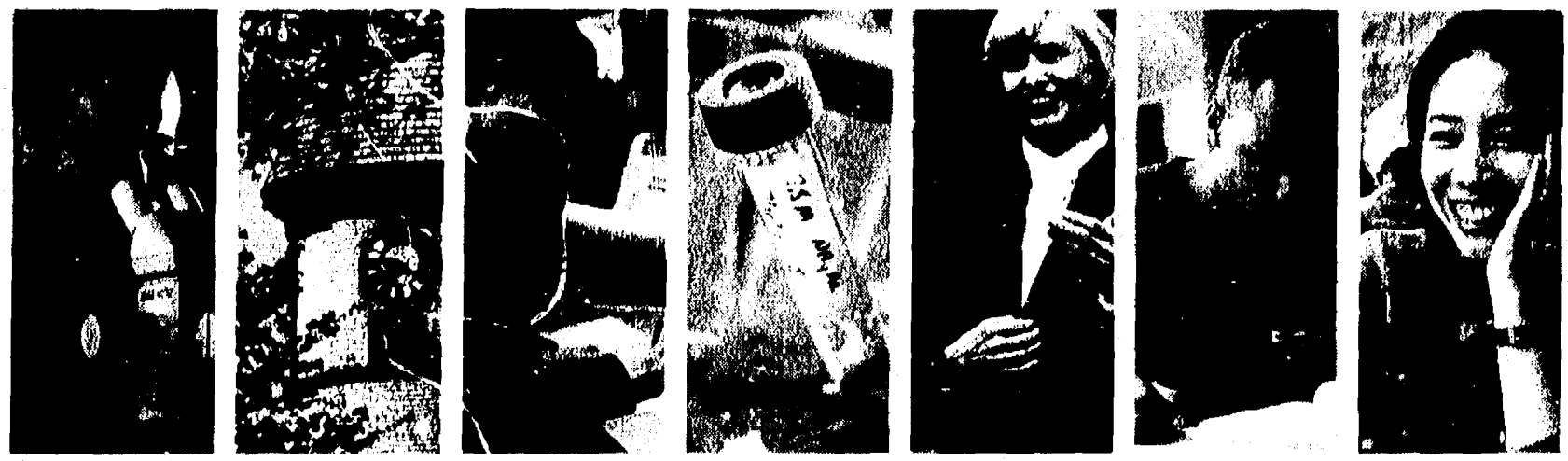

NORTH DAKOTA STATE UNIVERSITY
FARGO, ND

SENATE APPROPRIATIONS COMMITTEE

Senator Ray Holmberg, chair
10:15 a.m.
Tuesday, March 4, 2003

HB 1003

NORTH DAKOTA STATE UNIVERSITY

Joseph A. Chapman, President, NDSU

With the exception of the following page the same testimony was given to Bismarck as to House

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9/30/03
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3/3/03

NORTH DAKOTA STATE UNIVERSITY

2002-03 RESIDENT TUITION RATES

Source: NDSU Office of Admission

Regional Institution Comparisons

North Dakota State University (12-20 credits)	$	2,904
Minnesota State University-Moorhead (16 credits)	$	3,365
University of North Dakota	$	2,954
University of Minnesota-Twin Cities	$	5,420
St. Cloud State University	$	3,691
Bemidji State University	$	3,782
South Dakota State University (includes $789/semester university support fee)	$	3,658
Montana State University	$	2,900
University of Minnesota-Duluth	$	5,956

Peer Institution Comparisons

North Dakota State University	$	2,904
Clemson University	$	6,084
Kansas State University	$	2,415
New Mexico State University	$	3,216
Oregon State University	$	2,676
University of Alaska - Fairbanks	$	1,968
University of Arkansas - Fayetteville	$	3,335
University of Idaho	$	3,044
University of Wyoming	$	2,400
Utah State University	$	2,388

ENROLLMENT HISTORY

Source: NDUS Fall Enrollment Report

	Headcount	Increase	FTE	Increase
Fall '92	9,269		7,504	
Fall '93	9,507	238	7,917	413
Fall '94	9,665	158	8,092	175
Fall '95	9,676	11	8,196	104
Fall '96	9,598	(78)	8,190	(6)
Fall '97	9,408	(190)	8,079	(111)
Fall '98	9,536	128	8,142	63
Fall '99	9,638	102	8,253	111
Fall '00	9,894	256	8,469	216
Fall '01	10,538	644	9,056	587
Fall '02	11,146	608	9,368	312

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HOUSE APPROPRIATIONS COMMITTEE
SUB-COMMITTEE ON EDUCATION AND ENVIRONMENT

Rep. Bob Martinson, chair
4:15 p.m.
Tuesday, January 14, 2003

HB 1021
UPPER GREAT PLAINS TRANSPORTATION INSTITUTE
NORTH DAKOTA STATE UNIVERSITY
GENE GRIFFIN, DIRECTOR

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UPPER GREAT PLAINS TRANSPORTATION INSTITUTE
NORTH DAKOTA STATE UNIVERSITY

Creating a Better Future for North Dakota
by
Enhancing the Economy and Socialization through Mobility

Mr. Chairman, committee members. I would like to report to you some of the accomplishments of North Dakota's Transportation Institute in the thematic area of *Rural and Small Urban Transportation and Logistics*.

The goal of the Transportation Institute is to make an important contribution to North Dakota's economy and socialization through improving mobility of freight and people. It achieves this by:

1. Carrying on the development of knowledge, information, and innovation and assisting in applying it to private and public sector interests to improve competitiveness, efficiency, safety, and personal mobility.

2. Continuing to educate, train, and mentor the transportation practitioners and leaders for the future in a rapidly advancing and increasingly complex field with sophisticated technology applications.

3. Enhancing our status as a nationally recognized center of excellence that attracts the necessary talent and funding enabling the Institute to contribute to North Dakota's economy and society, and the state's image.

Selected Program Accomplishments

AGRICULTURE TRANSPORT CENTER

- Conducted a national symposium in North Dakota on Agriculture and Transportation Linkages. One of the main findings was that transportation is what keeps the United States competitive in international bulk commodity markets.

- Established a research center devoted to agricultural transportation in cooperation with the USDA. The center is unique in its dedication to research of infrastructure investment, policy development, and technology transfer that enhances the competitiveness of the U.S. agricultural sector.

- Conducted an industry survey of elevators and farm trucks in the Plains region. Research results showed that there is strong expectations for continued consolidation in the country elevator industry and that farm trucks are rapidly increasing in size, either as a result or because of this, or both.

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- Completed a study that evaluated capital investment needs of the shortline industry, financing terms available for meeting these needs, and the public benefits of shortline railroads. There is a serious gap between needs and available capital. The findings are being used in the national debate concerning a program to fund shortline railroad infrastructure.

- Completed a study examining the impact of the railroad industry switch to heavier cars on the state of North Dakota. There are indications of important implications for the state's rural road and highway system as heavier cars make many light density lines obsolete.

STRATEGIC TRANSPORTATION ANALYSIS PROGRAM

- Completed the Strategic Freight Program Analysis for grains and oilseeds. Significant findings included the impacts of 110-car loading facilities. This information has been used by the industry to plan for location of facilities as well as public policy makers and the state DoT to plan for the future.

- The Strategic Freight Program evaluated container/trailer intermodal needs for the state. An important conclusion is that North Dakota needs economically viable access to intermodal transportation service if it is to participate in the changing agriculture and manufacturing economy of the 21st Century. Additionally, legislation for port authority will be introduced in this session to facilitate the development of such facilities. Other significant contributions were made in the area of site evaluation and variables contributing to the success of an intermodal facility.

SMALL URBAN AND RURAL TRANSIT CENTER

- Established the Small Urban and Rural Transit Center in cooperation with the Federal Transit Administration. The goal of the center is to improve mobility for transit dependent people, and improve transit availability and attractiveness through research, education, and outreach and training to transit officials in North Dakota, Montana, South Dakota, Wyoming, and Minnesota.

- Completed a study on Intelligent Transportation Systems: Helping Public Transit Support Welfare to Work Initiatives. An important finding was that rural transit systems lag significantly behind urban systems in adopting technologies that can improve service and effectiveness.

- Initiated a project with the Community Transportation Association of America to revise and adopt a transit manager training program. Important impacts include the development of a system for training transit managers in sparsely populated rural regions of the United States through distance learning, as well as on-sight classes.

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- Initiated a project to develop an Intelligent Transportation Systems (ITS) toolbox for rural transit systems. This project will help rural systems utilize state-of-the-art technologies to improve efficiency, effectiveness, and overall service to rural small urban customers.

- Currently working with the state and a local transit agency to address the development of a hybridized fixed/flexible route system to better serve transit customers and simultaneously reduce costs.

ADVANCED TRAFFIC ANALYSIS CENTER (ATAC)

- Provided the state DoT with technical assistance in ITS activities, including: (1) Planning for and developing a ND DoT Traffic Operations Center in Fargo; (2) Completing a statewide strategic plan for ITS; and, (3) Assisting the state DoT in developing Regional ITS Architecture. These efforts will help the state and local governments adopt new technologies that will improve mobility.

- Supported traffic operations, traffic management, traffic safety, and transportation planning for ND DoT, Bismarck, Fargo, Grand Forks, and across the state by: (1) Using the ATAC video traffic data collection system; (2) Enhancements to travel demand models; (3) Applying new modeling technologies and systems; (4) Enhancing transportation planning data; (5) Providing expertise for technical assistance; and, (6) Offering training on traffic management tools to local and state practitioners.

- Created a new traffic lab and training facility which is used for conducting the ATAC training programs and also allowing better integration of students into the program.

- Conducted training nationwide on the state-of-the-art VISSIM traffic simulation program. ATAC is the official trainer for VISSIM. This has raised the visibility of the state of North Dakota as place where high tech activity is taking place.

DOT SUPPORT CENTER

- Developed a study which quantified the economic impacts of various types of transportation investments. This study was prepared as basic information for the Strategic Transportation Plan.

- Developed and completed a study which outlined legislated or directed roles and responsibilities for transportation management in North Dakota. Again this was a basic element of the Strategic Transportation Plan. This study also illuminated current areas where duplication existed and significant transportation management issues to be solved.

- Completed a pilot study which integrated global positioning system and geographic information system technology into highway maintenance program management. Personal digital assistants (PDA's), coupled with portable GPS units, were programmed

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to collect highway condition information and assist maintenance managers in determining annual maintenance programs.

- A study was completed which described current technology and standards for the collection and analysis of ride data. Also described were other state's specifications for attaining smoother pavements. This study is a base document supporting the ND DoT objective of improving ride quality on the state system 10 percent by March of 2007.

- To date, state DoT engineers on campus and with student support, have completed designs on 19 projects worth over $41,000,000. Four of the students in this program have graduated and have been hired by the DoT. This program has become an excellent recruiting tool for the DoT as well as a hands-on training device for students who are employed by both the private and public sector.

- During the biennium, students provided support and assistance to the DoT IT staff by completing system maintenance, staff training and small IT projects. This program also provides students with hands-on experience.

TRANSPORTATION SAFETY SYSTEMS CENTER

- In addition to the continuous enhancements of its commercial vehicle enforcement software, the *Transportation Safety Systems Center* developed and deployed Query Central, a web-based intelligent query system. Query Central consolidates real-time commercial vehicle, driver, and company safety information for use by Federal and State motor carrier safety specialists nationwide, thereby improving compliance and enforcement of truck safety regulations and laws.

- The *Transportation Safety Systems Center* continued its safety-related research with the completion of a landmark study regarding the use of driver traffic conviction data to identify high safety risk commercial vehicle companies. This study will assist in better focusing of enforcement efforts to reduce crashes on our highways.

TEL8 DISTANCE LEARNING SYSTEM

- TEL8 expanded its network again the past year. Additional Department of Transportation (DoT) district sites were tested and added to the system bringing the total number of sites affiliated with TEL8 to 30, thereby increasing coverage and improving exchange of information and ideas among transportation practitioners and leaders in the region.

- DoT district sites significantly increased their on-line participation in the network, almost doubling their TEL8 bridge activity, validating the usefulness of this program in improving training and program performance.

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- The MPC short courses and the MPC-X seminar series were initiated. The PE exam MPC short course has had more than 150 participants located across a dozen sites in the upper midwest and mountain states. MPC-X seminars offered over TEL8 included traffic analysis of the 2002 Winter Olympics and a presentation on Modeling Land Use Relationships.

EDUCATION

- A doctoral program in transportation and logistics was approved by the State Board of Higher Education, resulting in NDSU becoming one of the few universities in the United States to offer such a degree. Further, the program is truly interdisciplinary being offered through three colleges, four departments, and the Transportation Institute. Six students are currently enrolled with inquires from as far away as California and several foreign countries.

- Student involvement at the Institute this year currently consists of 41 students, 6 doctoral candidates, 9 in the masters degree programs, and 26 undergraduate students.

MOUNTAIN PLAINS CONSORTIUM (MPC)

- Continued our successful consortium partnership with Colorado State University, University of Wyoming, and University of Utah, and won the U.S. DOT competition for the University Transportation Centers Program for Federal Region 8, for the TEA-21 period.

- Thus far during the TEA-21 period, 675 graduate students have enrolled in transportation-related degree programs offered at the MPC universities. During this period, MPC has delivered 155 undergraduate and 216 graduate transportation and transportation-related courses. A total of 10,235 students have completed these courses, including 3,518 students in FY 2001-2002. Thus far during the TEA-21 period, 175 students have received advance transportation-related degrees at the four MPC universities, including 33 doctoral degrees. Forty of the advanced degrees were awarded in FY 2001-2002.

- Thus far during the TEA-21 period, MPC has published 28 transportation research reports, including 11 reports in 2002. A total of 248 students have been involved in these research projects, including 111 in FY 2001-2002.

OTHER

- Continuation of Low Volume Roads Program of Research & Service.
  - Completion of Regional Rural Road Needs Assessment for the tri states of North Dakota, South Dakota, and Montana. The findings provide information to assist decision makers as they make difficult decisions regarding their road systems.

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- Development of handbook for county engineers containing legal information for relevant topics for which they may need quick reference answers.
- County Road Planning Workbook to assist county engineers with their planning process.

Program Goals for 2003-2005 Biennium

- Expand funding for the Agriculture Transport Center so that critical issues facing production and processing can be better addressed.
- Continue the Strategic Transportation Analysis Program by addressing substantive issues facing the state each biennium.
- Develop a program combining transportation economics and planning, and carrier management and logistics.
- Further evaluation of expanding the scope of the Institute to include communications, and possibly energy, focused on light density rural and small urban markets.
- Active involvement in reauthorization and expansion of the University Transportation Centers Program and successful competition for the regional center.
- Continued expansion of the Small Urban and Rural Transit Center.
- Facilitate growth in the undergraduate and graduate programs.

The Institute is proud of its accomplishments these past two years. We look forward to a challenging next two years and hope that we can report the same degree of success in the 2005 session.

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Andrew Varvel
1800 East Capitol Avenue #258
Bismarck, ND 58501-2131
pakicetus@btinet.net
January 16, 2003

Representative Bob Martinson
Chairman of the Educational & Environment Division
of the North Dakota Appropriations Committee
North Dakota House of Representatives
bmartins@state.nd.us

Dear Representative Bob Martinson:

Please receive the following testimony to the Education and Environment Division of the North Dakota House Appropriations Committee.

Thank you.

Sincerely,

Andrew Varvel

==========

Written Testimony of Andrew Varvel
to the Education and Environment Division
of the North Dakota House Appropriations Committee

January 16, 2003

Mr. Chairman and members of the committee:

I have two short recommendations.

There should be one line item in the budget for a joint UND-NDSU Curriculum Committee. Curriculum committees are where the real administrative work of curriculum development happens. If the State of North Dakota were truly serious about enhancing cooperation among UND and NDSU, a joint curriculum committee would be a good place to start.

There should be shift in the means of funding for institutions of higher education. Although a "lump sum appropriation" to the Board Office would be a blunder, there is an alternative means of higher education funding that would be an improvement over both previous practice and the Board Office's recommendations.

One of the problems facing higher education is the institutionalized tug-of-war concerning campus composition. The State of North Dakota funds higher education at least partially as a subsidy to students from our state. This is usually recognized by institutions of higher

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education by charging in-state students lower tuition. However, higher tuition charged to out-of-state students gives an incentive for colleges and universities to recruit out-of-state students to the detriment of in-state students.

Seven years ago, out-of-state students were subsidized by taxpayer money. There is reason to doubt that times have changed.

Within each institution of higher education, tuition for in-state and out-of-state students should be made equal. In place of appropriating state money for a direct subsidy to each institution, the State of North Dakota would appropriate funds into a tuition credit fund for each institution of higher education and direct each institution to administer the fund to subsidize the tuition of North Dakota residents.

Although the tuition credit fund for each institution of higher education should eventually be equalized on the basis of student population, this process should be gradual. This process should not be turned into an excuse to cut the budgets for colleges with historically high state subsidies.

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Prepared by the North Dakota Legislative Council
staff for House Appropriations
January 8, 2003

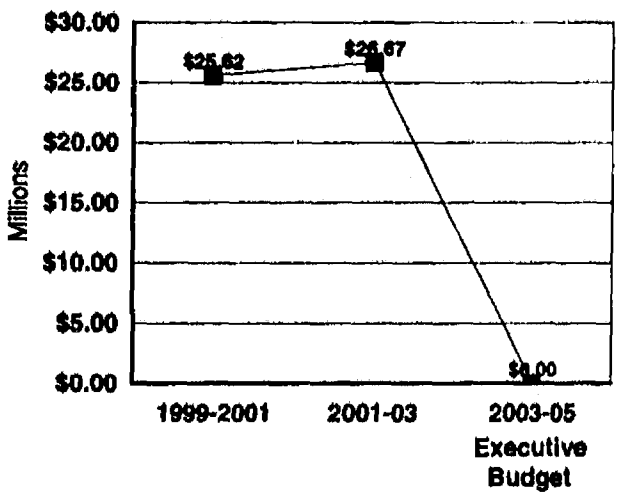
Department 241 - Minot State University
House Bill No. 1003

	FTE Positions	General Fund	Other Funds	Total
2003-05 Executive Budget	0.00	$0	$0	$0
2001-03 Legislative Appropriations	266.21	26,674,757[1]	7,850,000	34,524,757[2]
Increase (Decrease)	(266.21)	($26,674,757)	($7,850,000)	($34,524,757)

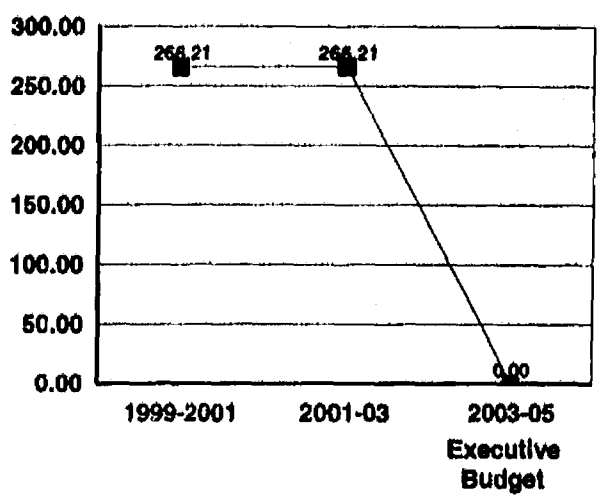
[1] The 2001-03 general fund appropriation is the amount appropriated by the 2001 Legislative Assembly and does not include a reduction of $286,760 relating to the 1.05 percent budget allotment ordered by Governor Hoeven in July 2002.

[2] The 2001-03 appropriation amounts include a general fund allocation of $142,371 from the equity and special needs funding pool appropriated to the University System. The 2001-03 appropriation amounts do not include general fund allocations of $137,500 from the equity and special needs funding pool and $498,200 from the technology funding pool considered to be one-time funding for the 2001-03 biennium.

Agency Funding - General Fund



FTE Positions



Executive Budget Highlights

	General Fund	Other Funds	Total
1. Consolidates funding for all higher education institutions into the University System office budget	($26,674,757)	($7,850,000)	($34,524,757)

Major Related Legislation

House Bill No. 1039 - Special funds continuing appropriation - This bill provides for the continuation of the continuing appropriation of higher education institutions' special revenue funds, including tuition.

House Bill No. 1040 - Unspent general fund appropriations - This bill provides for the continuation of the University System's authority to carry over at the end of the biennium unspent general fund appropriations.

House Bill No. 1041 - Budget request and appropriation - This bill continues the requirement that the budget request for the University System 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. The bill also continues the requirement that the appropriation for the University System include block grants for a base funding appropriation and for an initiative funding appropriation and an appropriation for asset funding.

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HOUSE APPROPRIATIONS HEARINGS

Education & Environment Division

Fifty-Eighth Legislative Assembly

January 13, 2003 · Budget Number 241

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Minot State University
Overview and Accomplishments

- In the fall of 2000 MSU's enrollment had stabilized after a period of decline at approximately 3,000 students. In the fall of 2002 partially as a result of the adoption of a standardized method for tabulating enrollment and the employment of new technologies in course and program delivery the newly stabilized figure stood at 3,600. While the bulk of this number represents on-campus instruction, courses and programs are offered off campus at Minot Air Force Base, Bismarck State College, West Fargo and, through online technology, world wide. For the spring semester beginning January 14, 2003 for better than 1,300 course enrollments, taken by more than 600 students, instruction is proceeding.

As part of its enrollment management program the University has targeted graduate students, international students and distance education learners for growth. Further, MSU's student profile has become, by design, increasingly diverse. In fall 2002, 153 Native Americans, 99 African Americans, 59 Hispanic and 37 Asians were among the registered students. Nineteen foreign countries (excluding Canada) were represented.

- The 2001-2003 biennium has seen the following academic program development: joint Ph.D. in Criminal Justice with UND; BS in Arts Administration; Bachelor of Applied Science (BAS); Master of Education; online degrees in Management, General Studies, Management Information Systems and BAS, and AS in Developmental Disabilities.

In addition to an enhanced North Dakota Center for Persons with Disabilities (NDCPD) the University has established the 1) Center for Extended Learning; 2) Rural Crime and Justice Center; 3) Institute for International Business.

- MSU students are highly dependent on financial aid with 72% of the student body receiving financial aid in 2001-2003. The majority of students report that they are working 20 to 35 hours a week during the academic term. Seventy one percent of the students attend MSU on a full time basis. Only 12.3% reside in campus-affiliated housing, while many students continue to live with families and commute to campus. In recent years there has been a major profile change in the student body: more traditional age students and fewer older-than-average students. This shift has resulted in a much higher level of student activities on campus – even on weekends.

- Minot State conferred 536 undergraduate degrees and 77 graduate degrees in May, 2001 and 480 undergraduate and 115 graduate degrees in 2002. These figures confirm the perception that the enrollment bubble of Fall, 1993 (4,053) has now passed through the pipeline and that a more stabilized situation has resulted.

- Students were highly successful in entering the job market after graduation. Ninety percent entered the job market and 10% reported additional college. Of the graduates entering the job market, 77.5% reported that they were employed in their major or in occupations related to their major. Although graduates reported accepting employment in 32 states and two foreign countries, 69% of the students reported accepting positions in North Dakota.

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• Consistent with Board of Higher Education and legislative admonitions, MSU has become increasingly energized in financial enhancement initiatives. Between January 1, 2001 and January, 2003 the University, mainly through its various support entities – MSU Development Foundation, Beaver Boosters, Board of Regents – has raised $3.1 million in private and corporate donations to further improve University programs and facilities. Among the major projects benefiting from this philanthropy have been: McFarland/Nelson Hall renovation, economic development activities conducted through the College of Business, academic programs in speech and hearing, general scholarships, and intercollegiate athletics. It should be noted that nearly $1.5 million in solid pledges to the McFarland/Nelson Campaign are outstanding.

Over the corresponding time period the University has attracted (exclusive of student financial aid) grants and contracts equaling $6.5 million. Some of the major funding recipient areas are Criminal Justice, the North Dakota Center for Persons with Disabilities, the Department of History and Division of Science.

At the same time in order to stimulate research activities, the University invested $56,000 in competitive small grants to faculty and staff who are developing ideas that could ultimately be extended to national competitive grant applications.

• Minot State University has partnered with the designated institution in the northwest quadrant, Williston State College, in the workforce training effort in the region. A memorandum of understanding has been negotiated and each participating institution has agreed to its assigned role in this important statewide program. During the current biennium, MSU, through its Center for Extended Learning, offered non-credit seminars and professional development activities to corporations such as ING, Job Corps, MLT, Job Service, SRT, Manor Care, Edgewood Vista, Municipal Clerks, and the State Bar Association. The physical presence of WSC and MSU-Bottineau personnel in Minot has created a positive environment within which businesses and industries – small and large – can acquire and maintain a trained workforce consistent with their needs.

A working coalition including the following entities has been formed: Williston State College, Minot State University, MSU-Bottineau, Minot Public Schools, Burdick Job Corps Center, Fort Berthold Tribal College, Minot Area Chamber of Commerce, Minot Community Foundation, and private sector businesses and corporations. This coalition is moving deliberately toward the establishment of a vocational/technical institute in Minot.

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Fall 2002 Athletic Highlights

Men's Cross Country Team

- National Champions
- DAC-10 & Region III Champions
- Three All-Americans: Mike Tighe, Brad Tighe & Nolan Taylor
- Scott Simmons, National Coach of the Year
- Team was named National All-Scholar Team
- Two Academic All-Americans: Brad Tighe & Steve Kirby

MSU Football Team

- DAC-10 Co-Conference Champions
- Qualified for National Playoffs (final 16)
- Five All-Americans (names will be released on Tuesday, Jan. 14th)
- Four Academic All-Americans: Josh Dascher, Travis Titus, Jessie Gross & Drew Weirson
- Kenny Smith led nation in passing yards

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MINOT STATE UNIVERSITY

Status of 2001-03 Budget
As of December 2002

	Original 2001-03 Appr.	2001-03 Adjustments	Adjusted 2001-03 Appr.
Operations	$25,919,536	$552,319 (1)	$26,471,855
Capital Assets	612,850		612,850
Old Main Renovation	7,850,000	800,000	8,650,000
Total	$34,382,386	$1,352,319	$35,734,705
Less:			
State Bonds-Old Main	(5,551,000)		(5,551,000)
Local Funds-Old Main	(2,299,000)	(800,000)	(3,099,000)
General Fund Appr.	$26,532,386	$552,319	$27,084,705
Estimated 2001-03 Tuition/Other Income	13,530,938	(258,359) (2)	13,272,579
Total Gen. Fund/Tuition	**$40,063,324**	**$293,960**	**$40,357,284**

(1) Adjustments include:
Add $498,200 from technology pool for Distance Education.
Add $137,500 from equity and special needs pool - campus initiatives.
Add $142,371 from equity and special needs pool - equity allocation.
Deduct $225,752 due to Governor's budget allotment, July 2002.
$552, 319

(2) Our most recent estimate of biennial tuition/other income is $13,272,579, which is $258,359 less than our original estimate of $13,530,938. The revised estimate is about 1.9% less than the original estimate. The decrease is mainly due to the fact that our Minot Air Force Base enrollments dropped significantly after the events of September 11, 2001. Our expenditures for the Minot AFB courses also decreased by a similar amount because of the reduction in classes, instructor salaries, travel expenses, etc.

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MINOT STATE UNIVERSITY

Summary of 2003 - 05 Hold Even Budget Request

Engrossed SB2003, 2001 - 03 General fund appropriation	$26,532,386
1999 - 2001 general fund carryover, capital improvements	132,348
NDUS equity/special needs pool - equity allocation	142,371
Adjusted 2001 - 03 general fund appropriation	$26,807,105
Less: 1999 - 2001 general fund carryover, capital improvements	(132,348)
Net 2001 - 03 general fund appropriation and 2003 - 05 hold even request	**$26,674,757**

Minot State was directed by the State Board of Higher Education to prepare a 2003 - 05 budget request which, with the same amount of 2001 - 03 general fund dollars, would "self-fund" the general fund portion of the following additional costs:

	General Fund	Tuition/Other	Total
Continuation of 2002-03 salary increases	$183,081	$98,583	$281,664
2.5% inflation in operating expenses	208,178	112,096	320,274
Health insurance increases	317,291	170,849	488,140
Annual average 2% salary increases in 2003 - 05	595,102	320,440	915,542
Total Additional costs	**$1,303,652**	$701,968	$2,005,620

Minot State's proposal for "self-funding" the $1,303,652 of additional general fund costs was as follows:

Reallocation and salary reductions (includes elimination of the equivalent of 9.1 FTE positions)	$568,096
Allow no budget increases to the total operating budget	320,274
Tuition increases of $185 or 7.9% per year for full-time resident students (these increases will also fund the $701,968 "tuition/other" portion of the additional costs)	355,282
New student teaching fee	60,000
Total to fund general fund portion of additional costs	**$1,303,652**

Critical Concerns

- The elimination of FTE positions would increase academic class sizes; increase faculty class loads; increase the responsibilities of existing support staff; decrease our efficiency in serving the student population.
- No increase to our total operating budget would require significant decreases in some areas in order to pay for inflationary increases in utilities and other operating expenses, as well as for expected significant increases in risk management premiums and other insurance
- Even though statistics show Minot State's tuition and fees are 16 percent less than our regional counterparts, we are still concerned that sizeable increases in tuition costs and student fees will have a negative impact on our enrollment.
- Our most critical issue is our difficulty in recruiting and retaining qualified faculty and staff because of our inability to offer an equitable salary compared to our competitors. Currently, Minot State faculty are 17.2% below market average while staff are 16.4% below market average. Approximately 1/3 of all MSU employees are paid less than 80% of their market average. In the past two years seven faculty and management positions went unfilled for more than 1 year because of salary constraints. Four of these positions were filled when the offering salary was increased by an average of 12%. The increases were funded internally by departments, adversely affecting current budgets and causing salary inequities in the departments. The other 3 positions had qualified candidates but we were unable to obtain a commitment because the salaries offered were too low.

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MINOT STATE UNIVERSITY

Summary of 2003 - 05 Needs Based (Optional) Budget Request

In addition to preparing a hold even budget request, Minot State was directed by the State Board of Higher Education to prepare a 2003 - 05 needs based, or optional, budget request that includes funding for parity and equity.

Parity Funding Request (general fund)

Continuation of 2002 - 03 salary increases	$183,081	
2.5% inflation in operating expenses	208,178	
Health insurance increases	317,291	
Annual average 2% salary increases in 2003 - 05	595,102	
Subtotal (see hold even budget on previous page)	$1,303,652	
Additional 1% annual salary increase in 2003 - 05	300,507	
Total parity funding (general fund)		**$1,604,159**

In the hold even budget, the general fund salary increases, cost to continue, inflation and health insurance increases of $1,303,652 were funded by internal reallocations, tuition increases, fee increases and no additional spending for operating. In the optional package, Minot State University is requesting parity funding of $1,604,159. This includes reinstating the $1,303,652 and funding a salary increase of 3% (rather than 2%) for each year of the biennium at an additional cost of $300,507.

The tuition increase of $185 or 7.9% per year would remain in place in the optional package. The tuition increase is expected to increase revenue by $1,057,250. $863,799 will fund the tuition portion of the cost to continue the 2002 - 2003 salary increases; inflation increases; health insurance increases and the 3% salary increase for each of the 2003 - 2004 and 2004 - 2005 fiscal years. The remaining tuition collections of $193,451 ($1,057,250 - $863,799) will be used to fund operating expenses expected to increase at higher rates than inflation, such as risk management premium, insurance, utilities, etc.

Equity funding request (general fund)

Additional 1% salary increase per year (total 4% per year)	$484,657	
Recruitment, enrollment and retention	135,000	
Information technology security and accessibility	110,400	
Learning community project and advising center	251,200	
Faculty development, research office, research assistants	235,600	
Training center - information technology department	115,307	
Total equity funding (general fund)		**$1,332,164**

Total needs based (optional) request - parity and equity (general fund)	**$2,936,323**

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Minot State University
Enrollment Statistics
Fall 2002

Enrollment by Classification	Fall 2001	Fall 2002
Freshman	926	996
Sophomore	807	781
Junior	592	647
Senior	921	904
Undergrad, Special	80	97
Graduate	189	200
Total	3,515	3,625

Enrollment by Residency Status	Fall 2001	Fall 2002
North Dakota	2,544	2,630
Military	438	446
Montana	166	152
Minnesota	18	13
Saskatchewan	130	113
Manitoba	44	48
All Other	175	223
Total	3,515	3,625

- Total headcount for fall semester 2002 was 3,625 comp to fall semester 2001 enrollment of 3,515 - this is a 3% increase of 110 students
- 73% of total MSU enrollment is comprised of ND stude...
- 52% of total MSU enrollment is from Ward county
- 446 military students - highest recorded military count to date
- 7% increased enrollment from states that participate in student exchange programs - Western Undergraduate Exchange (WUE) and Midwestern Student Exchange Program (MSEP)
- Highest number of non-Canadian international enrollments to date - fall semester 2002, 35 students (19 countries represented including: Serbia, Poland, Bahamas, Belarus, India, Mexico, Venezuela, Hong Kong, Nepal, Finland, Korea, Nigeria, Tanzania, Botswana, Yugoslavia, Macedonia, Zambia, Germany and Slovakia)
- Record number of total graduate students - fall semester 2002, 200 students (up 6% from fall semester 2001)
- Continued retention of first year freshmen from fall semester 2001 through fall semester 2002 - present retention rate of new freshmen is 63%.

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MINOT STATE UNIVERSITY

Residence Hall and Apartment Occupancy
Fall 2002

Residence Hall's

	Type	Capacity	Occupancy Fall 2001	Occupancy Fall 2002
Cook Hall	Lower div. female	188	150	157
McCulloch Hall	Male	145	121	119
Dakota Hall	Upper div. female	96	60	65
Lura Manor	Upper div. co-ed	144	104	101
		573	435	442
			76%	77%

Rooms designed for double occupancy but rented as singles are reported as 50% occupancy rate. Virtually every residence hall room was occupied in Fall 2002, however, the occupancy rate is 77% because some rooms were rented as singles. We have more demand for single rooms than we can accommodate.

Crane Hall, a men's residence hall, was taken out of service in Fall 2000 due to low occupancy and less than desirable living conditions. The building was used for academic offices, classes, music studios and storage during the course of the Old Main renovation project.

Apartments

Campus Heights - 30 units, 12 two-bedroom and 18 efficiency
normal occupancy rate 90-100%

Pioneer Hall - 40 one-bedroom units
normal occupancy rate 85-95%

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MINOT STATE UNIVERSITY

Capital Improvement Projects
2003 - 05 Request Summary

2003 - 05 Hold Even Request	
Extraordinary Repairs/Capital Assets	$612,850
2003 - 05 Major Capital Project Request	
Swain Hall Renovation/Addition	1,590,000
2003 - 05 Optional Adjustment Request	
Capital Assets	667,836
Total Request	**$2,870,686**

Proposed Projects - Hold Even	
Plant Services - ccessibility	$55,000
Administration - roof	50,000
Plant Services - fuel storage tank replacement	162,000
Dome - restroom and shower facilities, ADA	42,000
Fire Indication - suppression systems	87,000
Networking infrastructure	121,700
Projects less than $50,000	95,150
Total Hold Even Projects	**$612,850**

Proposed Projects - Optional Adjustments	
Plant Services - coal ash removal system	$200,000
Administration - replace HVAC system	168,000
Exterior lighting and landscaping	74,836
Allen Field - public restrooms/storage	225,000
Total Optional Adjustment Projects	**$667,836**

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MINOT STATE UNIVERSITY
MAJOR CAPITAL PROJECT REQUEST
2003-05 BIENNIUM

Swain Hall addition/renovation

- Priority number 1 for Minot State University
- Priority number 10 for State Board of Higher Education

Constructed in 1952, Swain Hall is a 51,858 square foot, three-story building. It includes a gymnasium, classrooms, offices, exercise and weight training areas, locker rooms and showers. The building for the most part is an academic area serving the Department of Teacher Education and Human Performance and is being used for physical education and training classes and intramurals. Swain Hall also contains faculty offices and a fitness facility for the general university population.

The building represents a large area of underutilized, inefficient space in need of constant repair. The lighting is inadequate, the original plumbing and heating are outdated and ventilation is nearly nonexistent. The building is ranked as the second lowest on campus in the Building Appraisal Report of our 2002 master plan revision, with the lowest being Dakota Hall, a women's residence hall. After the Old Main upgrade is completed, Swain Hall and Dakota Hall will be the only two campus buildings that still employ direct steam radiation. The building requires the opening of windows to introduce fresh air to regulate the temperature. Original plumbing is galvanized piping in glazed block walls, which has deteriorated to the point of leaking through the walls in numerous areas. Swain Hall also contains a significant amount of asbestos that needs to be abated.

Our student body has recognized the condition of Swain Hall and, in the interest of creating a general wellness facility for the campus, approved a $10 per semester increase in their activity fees (effective Fall 2000) to fund improvements to two large areas in the lower level of Swain Hall and to purchase new exercise and weight-training equipment. The first area to be improved on the east side lower level was completed in Fall 2000 and is being used extensively. The second area is on the west side lower level and was completed in the Summer 2002. The total investment in this project by the students, incl ng improvements and equipment, was in excess of $155,000.

The proposed 7,000 square foot addition would meet the needs of the physical education department. Those needs include an exercise/physiology lab, first aid training lab, dance studio, staff offices, adequate storage, expanded classroom space and men's and women's dressing rooms. Renovation of the existing space would include the upgrade/replacement of the electrical, heating, ventilating and air conditioning systems.

Total estimated project cost:

Remodel/addition	$790,000
Upgrade/replace electrical, HVAC	650,000
Asbestos abatement	150,000
Total request	$1,590,000 (general fund)

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MINOT STATE UNIVERSITY

Capital Improvement Projects
Funding for 2001-2003 Biennium
Excludes Old Main Renovation

Project	Capital Improvement carryover from 1999-2001 appr.	Capital Assets general fund appr. for 2001-03	Capital Improvements carryover/local funding for 2001-03	Project Total	Expenditures 2001-02	Balance Remaining for 2002-03
Coal boiler repair	$132,348			$132,348	$132,348	$0
Hartnett Hall - elevator, remodel, ADA		$335,000	$165,000	$500,000	132,540	367,460
Campus signage		60,000		$60,000	4,436	55,564
Administration first floor - remodel		75,000	25,000	$100,000	100,000	0
Projects less than $50,000		80,000	50,000	$130,000	130,000	0
Upgrade fire alarm system		62,850	17,150	$80,000	0	80,000
Asbestos abatement			50,000	$50,000	30,901	19,099
Athletic facilities - outdoor track, etc.			50,471	$50,471	30,728	19,743
TOTALS	**$132,348**	**$612,850**	**$357,621**	**$1,102,819**	**$560,953**	**$541,866**

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MINOT STATE UNIVERSITY
2001-03 Capital Improvements
Old Main Renovation Project

- The 2001 Legislative Assembly in Senate Bill No. 2023 approved the expenditure of $7.85 million for the Old Main renovation project from State Bonding, of which $2,299,000 is to be repaid to the bonding fund in ten annual payments from local fundraising campaign funds.

- The project consists of two phases:
  - Phase I was bid in October 2001 and work began immediately. This phase includes: an addition to the west side of McFarland Auditorium; reconstruction of the area below McFarland Auditorium; and construction on the roofs of the east and west wings for electrical and mechanical equipment that will provide climate control to the entire building. Phase I was substantially completed in August 2002.
  - Phase II was bid in March 2002 and work began immediately. This phase includes: the extension of the utility systems from the control units to individual spaces throughout the building; renovation of McFarland Auditorium and lobby; replacement of light fixtures; demolition and renovation of first floor; and mechanical and electrical upgrades to the second, third and fourth floors. Phase II was scheduled for completion by the end of December 2002, however, some of the final improvements will continue to be made during the next several months. The auditorium is currently being used and was recently renamed "Ann Nicole Nelson Hall".

- Construction bids/costs for the project exceeded original estimates for three major reasons:
  - Tight construction schedule with damages attached. An aggressive construction schedule had an impact on the construction bids but it is difficult to determine the extent.
  - Unforeseen existing conditions. Items discovered after demolition that added to the cost, such as unacceptable load-bearing wall conditions that required structural modifications.
  - Items added to project at request of owner (MSU). It was necessary to add some items not in the original budget, such as upgrading the existing elevator to meet new standards and adding fire sprinklers in the attic as required by the fire department.

- We anticipated cost overruns as we planned for Phase II, and called for base bids to complete the most vital parts of the project and alternate bids for project components that, if not done right away, would not completely compromise our academic mission or the primary purpose of the project.

- Within our authority, we could only award the base bids and some minor alternates for Phase II. We did not have enough funding or authority to award the alternate bids for some major items such as: new auditorium seating (estimated cost $225,000); renovation of auditorium lobby (estimated cost $150,000); and new auditorium stage rigging/materials (estimated cost $145,000). Contractors for the project agreed to honor their alternate bids until a later date.

- The University is committed to raising an additional $800,000 in private and local funds in an effort to properly complete the project. At the March 21-22, 2002 meeting, the State Board of Higher Education authorized Minot State to seek Budget Section approval to increase spending authority for the project. At the April 17, 2002 meeting, we received Budget Section approval to increase authorization of the project from $7.85 million to $8.65 million, with the additional $800,000 to be funded by local and private funding sources.

- As of December 31, 2002, the university has received more than $2.75 million in cash and pledges for the project, nearly 90% of the increased goal of $3,099,000.

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Exhibit #3
2nd day

MINOT STATE UNIVERSITY



SENATE APPROPRIATIONS HEARINGS

Fifty-Eighth Legislative Assembly

March 3, 2003 · Budget Number 241

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MINOT STATE UNIVERSITY

Summary of 2003 - 05 Hold Even Budget Request

Revised January 2003

Engrossed SB2003, 2001 - 03 General fund appropriation	$26,532,386
1999 - 2001 general fund carryover, capital improvements	132,348
NDUS equity/special needs pool - equity allocation	142,371
Adjusted 2001 - 03 general fund appropriation	$26,807,105
Less: 1999 - 2001 general fund carryover, capital improvements	(132,348)
Net 2001 - 03 general fund appropriation and 2003 - 05 hold even request	**$26,674,757**

Minot State was directed by the State Board of Higher Education to prepare a 2003 - 05 budget request which, with the same amount of 2001 - 03 general fund dollars, would "self-fund" the general fund portion of the following additional costs:

	General Fund	Tuition/Other	Total
Continuation of 2002-03 salary increases	$183,081	$98,583	$281,664
2.5% inflation in operating expenses	208,178	112,096	320,274
Health insurance increases (revised January 2003)	384,932	207,271	592,203
Annual average 2% salary increases in 2003 - 05	595,102	320,440	915,542
Total additional costs	**$1,371,293**	$738,390	$2,109,683

Minot State's revised proposal for "self-funding" the $1,371,293 of additional general fund costs was as follows:

Reallocation and salary reductions (includes elimination of the equivalent of 5.1 FTE positions)	$320,036
Tuition increases of 11% per year ($262 increase in 2003-04 and $291 increase in 2004-05) for full-time resident students - these increases will also fund the $738,390 "tuition/other" portion of the additional costs	1,051,257
Total to fund general fund portion of additional costs	**$1,371,293**

Critical Concerns

- The elimination of FTE positions would: increase academic class sizes; increase faculty class loads; increase the responsibilities of existing support staff; decrease our efficiency in serving the student population.
- Even though statistics show Minot State's tuition and fees are 16 percent less than our regional counterparts, we are still concerned that sizeable increases in tuition costs and student fees will have a negative impact on our enrollment.
- Our most critical issue is our difficulty in recruiting and retaining qualified faculty and staff because of our inability to offer an equitable salary compared to our competitors. Currently, Minot State faculty are 17.2% below market average while staff are 16.4% below market average. Approximately 1/3 of all MSU employees are paid less than 80% of their market average. In the past two years seven faculty and management positions went unfilled for more than 1 year because of salary constraints. Four of these positions were filled when the offering salary was increased by an average of 12%. The increases were funded internally by departments, adversely affecting current budgets and causing salary inequities in the departments. The other 3 positions had qualified candidates but we were unable to obtain a commitment because the salaries offered were too low.

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MINOT STATE UNIVERSITY

Summary of 2003 - 05 Budget

As Proposed in Engrossed HB1003 (Includes House Amendments)

Net 2001-03 general fund appropriation and 2003-05 hold even request	$26,674,757
House amendments to HB1003 - reduction in general fund authority	(507,765)
2003-05 general fund appropriation in Engrossed HB1003	**$26,166,992**

Minot State was directed by the State Board of Higher Education to prepare a 2003 - 05 hold even budget request which, with the same amount of 2001 - 03 general fund dollars, would "self-fund" the general fund portion of the following additional costs:

	General Fund
Continuation of 2002-03 salary increases	$183,081
2.5% inflation in operating expenses	208,178
Health insurance increases (revised January 2003)	384,932
Annual average 2% salary increases in 2003 - 05	595,102
Total additional costs	$1,371,293
Add: House amendments, reduction to general fund authority	507,765
Total additional general fund costs including House reduction	**$1,879,058**

Minot State's current proposal for "self-funding" the $1,879,058 of additional general fund costs is as follows:

Reallocation and salary reductions (includes elimination of the equivalent of 7.1 FTE positions)	$433,801
Tuition increases of 13% per year ($310 increase in 2003-04 and $350 increase in 2004-05) for full-time resident students - these increases will also fund the "tuition/other" portion ($738,390) of the additional costs listed earlier	1,445,257
Total to fund general fund portion of additional costs, including House reduction	**$1,879,058**

Critical Concerns

- The elimination of FTE positions would: increase academic class sizes; increase faculty class loads; increase the responsibilities of existing support staff; decrease our efficiency in serving the student population.
- Even though statistics show Minot State's tuition and fees are 16 percent less than our regional counterparts, we are still concerned that sizeable increases in tuition costs and student fees will have a negative impact on our enrollment.
- Our most critical issue is our difficulty in recruiting and retaining qualified faculty and staff because of our inability to offer an equitable salary compared to our competitors. Currently, Minot State faculty are 17.2% below market average while staff are 16.4% below market average. Approximately 1/3 of all MSU employees are paid less than 80% of their market average. In the past two years seven faculty and management positions went unfilled for more than 1 year because of salary constraints. Four of these positions were filled when the offering salary was increased by an average of 12%. The increases were funded internally by departments, adversely affecting current budgets and causing salary inequities in the departments. The other 3 positions had qualified candidates but we were unable to obtain a commitment because the salaries offered were too low.

Prepared by the North Dakota Legislative Council
staff for House Appropriations
January 8, 2003

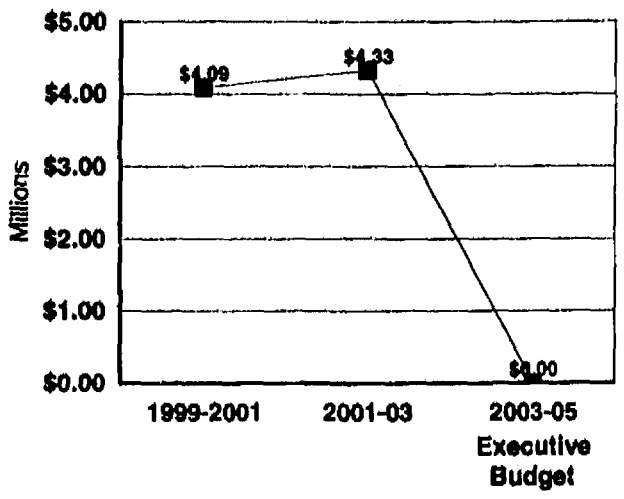
Department 243 - Minot State University - Bottineau
House Bill No. 1003

	FTE Positions	General Fund	Other Funds	Total
2003-05 Executive Budget	0.00	$0	$0	$0
2001-03 Legislative Appropriations	47.44	4,325,277[1]	0	4,325,277[2]
Increase (Decrease)	(47.44)	($4,325,277)	$0	($4,325,277)

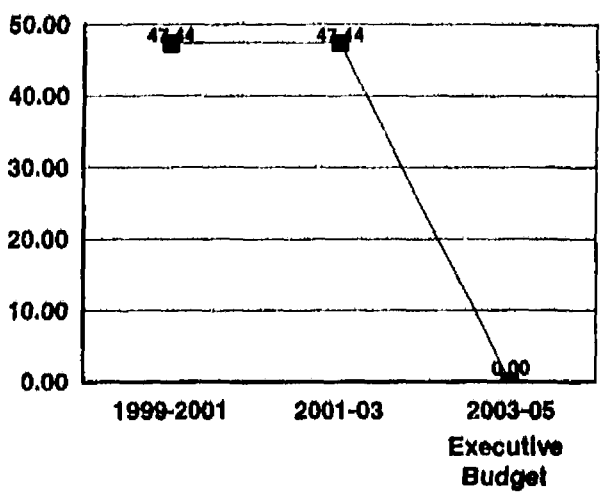
[1] The 2001-03 general fund appropriation is the amount appropriated by the 2001 Legislative Assembly and does not include a reduction of $46,143 relating to the 1.05 percent budget allotment ordered by Governor Hoeven in July 2002.

[2] The 2001-03 appropriation amounts include a general fund allocation of $40,037 from the equity and special needs funding pool appropriated to the University System. The 2001-03 appropriation amounts do not include a general fund allocation of $69,324 from the equity and special needs funding pool considered to be one-time funding for the 2001-03 biennium.

Agency Funding - General Fund



FTE Positions



Executive Budget Highlights

	General Fund	Other Funds	Total
1. Consolidates funding for all higher education institutions into the University System office budget	($4,325,277)		($4,325,277)

Major Related Legislation

House Bill No. 1039 - Special funds continuing appropriation - This bill provides for the continuation of the continuing appropriation of higher education institutions' special revenue funds, including tuition.

House Bill No. 1040 - Unspent general fund appropriations - This bill provides for the continuation of the University System's authority to carry over at the end of the biennium unspent general fund appropriations.

House Bill No. 1041 - Budget request and appropriation - This bill continues the requirement that the budget request for the University System 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. The bill also continues the requirement that the appropriation for the University System include block grants for a base funding appropriation and for an initiative funding appropriation and an appropriation for asset funding.

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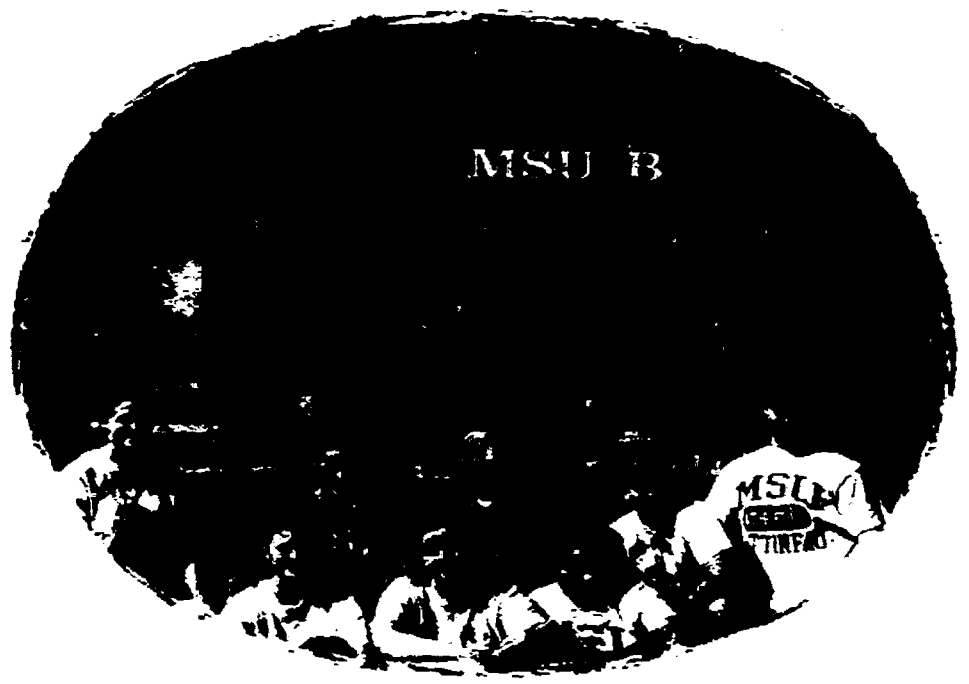
LaCosta Rickford 9/30/03
Operator's Signature Date



House Appropriation Hearings

Fifty-eighth Legislative Assembly

January 13, 2003

Budget Number 243

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I. INTRODUCTION

A. MSU-Bottineau in brief

.....An overview of the College

1. Description:

   Minot State University-Bottineau Campus is a two-year institution and is part of the North Dakota University System. Minot State University is the parent university. The Campus focus is to fulfill its historic mandate by providing programs in environmental/ natural resource studies and business, as well as course work for programs that will provide for the educational needs of our constituents.

   MSU-Bottineau achieves its mission by providing specialized technical programs in agriculture, environmental/natural resource studies, and business specialization as well as through traditional curricula that transfer to baccalaureate programs.

   MSU-Bottineau has 47 employees (22 faculty and 25 staff) and offers 22 vocational-technical programs leading to certificates, diplomas, or Associate of Applied Science (AAS) degrees. It also offers comprehensive transfer course work leading to Associate of Arts (AA) or Associate of Science (AS) degrees.

2. Statutory Authority:

   North Dakota Constitution, Article IX, Section 13.

3. History:

   1906 – North Dakota School of Forestry
   1969 – North Dakota State University-Bottineau Branch and Institute of Forestry
   1987 – North Dakota State University-Bottineau
   1996 – Minot State University-Bottineau Campus

4. Location:

   Bottineau is located 14 miles from the Canadian border and is equal distance from the state's east and west borders. There are 2,336 residents in the city and 7,149 in the county.

5. Campus:

   The 35-acre campus consists of five classroom buildings, three residence halls, a student center, and an interactive video network studio.

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II. ENROLLMENT

A. Facts and Figures

.....Where we've been, where we're going, student characteristics

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Headcount	370	339	356	399	421	447	506	451	526	606
FTE	359	338	337	369	389	410	467	394	389	446
Resident	246	224	237	284	337	375	432	390	453	510
Non-resident	124	115	119	115	84	72	76	61	73	96
Bottineau County	99	85	88	108	110	108	117	110	121	129
4 Surrounding Counties	52	55	47	54	57	80	89	90	88	120
ND Counties Represented	34	35	33	37	34	32	38	32	37	41
States Represented	31	30	31	31	28	23	26	18	19	28
Canadian Students	41	34	33	33	16	12	24	18	34	36

1. Program Mix

- Natural Resources – 17%
- Business/Office Education – 17%
- Technology – 7%
- Medical – 16%
- Undecided/Liberal Arts/Transfer – 43%

2. Off Campus Sites

- Bismarck State
- Burdick Job Corps
- Minot State
- Minot Air Force Base
- Minot High School
- Grand Forks Air Force Base
- St. John High School
- Bottineau High School
- Towner High School
- Bottineau Technology Center

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3. Trends

- Over the last 10 years, every North Dakota county has been represented but Billings; every state except MS, DE, RI.
- Ten year headcount average = 443.
- Ten year full-time equivalency average = 389.
- For fall 2002, 32% of students are 25 years of age or older; 51% female and 49% male; and 16% are enrolled via electronic delivery other than IVN.

III. ACHIEVEMENTS AND ACTIVITIES

A. Collaboration

.....Partnering and joint ventures, building relationships, supporting under-served areas, utilizing combined strengths

- Formed a partnership with Williston State College to provide work force training to the northwest quadrant of the state. Also cooperated with Williston State to locally graduate 15 LPNs to help relieve the area's shortage of nurses.
- Coordinated curriculums with Bismarck State College to bring our Medical Assistant A.A.S. degree to the Bismarck area.
- Began a partnership with the Bottineau Economic Development Corporation to operate the community's Technology Center.
- Became a corporate training site for Sun Microsystems, utilizing the community's Technology Center.
- Cooperating with Williston State College, as well as other institutions and organizations, to bring additional vocational training and education to the Minot area.
- Continue to offer Cisco classes at Minot High School and Burdick Job Corps.
- Worked with United Telephone to bring their expertise and resources to campus and community networking projects.

B. Distance Delivery

.....Using technology to provide access, promoting anywhere/anytime learning; instructing dual credit—creating a seamless transition, employing alternative delivery methods

- Developed 20 online courses in 2001-2002 and 2002-2003 through an ongoing review and implementation process.
- Sent the greatest number of programming hours via interactive video (IVN) in the System; expanded IVN studios from two to three.
- Transmitted dual credit course work to three area high schools via video conferencing.
- Created four new Certificate of Completion programs (Medical Transcription, Medical Coding, Bookkeeping, and Basic Grounds Worker Skills), three of which are available through distance education.
- Expanded degree offerings to our Minot campus from five to seven with the addition of Advertising and Marketing and Accounting Technician.

C. Programming Initiatives

.....Keeping academic programs current, applying knowledge and expertise to meet the needs of North Dakota, providing flexible offerings

- Seeking approval for a new Environmental Technology major—which will have four tracks—that has been created through internal restructuring.
- Seeking approval for a new Golf Course Grounds Technician program that will be a track under the current Horticulture program.
- Created six new Certificate of Completion programs as part of our IT offerings (Microcomputer Technology, Operating Systems, Sun Microsystems, Cisco Networking, Web Technology, and Office Applications.)

D. Work Force Training

.....Experiencing the workplace as part of a quality education, pursuing business partnerships, training for business and industry, nurturing lifelong learning

- Share a position and provide an office with Williston State College for work force training initiatives in North Central North Dakota.
- Dedicated one full-time equivalency position to work force training and community education.
- Used Network Engineering students to hard wire all campus residence hall rooms and classrooms as well as the Bottineau Technology Center.
- Partnered with the Computer Store to offer IT credit course work.
- Offered customized training opportunities for local businesses, e.g., writing business plans, customer service, management and leadership, and conflict resolution in the workplace.
- Developed a new class in which Web Design students assist local businesses in establishing a web presence.

E. Continuous Improvement

.....Developing policies and procedures responsive to student needs, creating institutional strengths, identifying course and program learner outcomes, establishing betterment strategies that include all aspects of university operations

- Refined the learner outcomes assessment process used to improve instruction and services.
- Utilized the Retention Management Survey to set up an enhanced advising system for students identified to be at risk of dropping out.
- Began discussions to connect the College's centennial with a capital campaign.
- Established risk management practices and distributed handbook campus-wide.
- Conducted a strategic planning process that incorporated all campus components.
- Created a Physical Plant preventative maintenance protocol.
- Recruited and registered student in numbers that reflect an enrollment increase.

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Deborah Richards
Operator's Signature

9/30/03
Date

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IV. FUTURE CRITICAL ISSUES

A. Infrastructure

.....Providing state of the art equipment and technology, developing opportunities that are responsive to the needs of all students, supporting the traditional college student

1. Old Main:

   Old Main was the first building on campus. In 2006, the College's centennial year, the structure will be 100 years old. It houses five classrooms, six offices, the Bookstore, Physical Plant offices and storage areas, restrooms, Alumni and Foundation Rooms, the Learning Center, and the Distance and Community Education departments. Old Main's utility as a multi-service facility is nearing and end.

2. Handicap Access:

   The campus has substantial progress yet to be made in regard to providing a more accessible facility. Much work has been in abeyance.

3. Technology Updates:

   Quality education and college experiences are enhanced by up-to-date technology. Availability to resources that can furnish this environment is critical.

B. Enrollment

.....Assertiveness in attracting students, supporting the work force training delivery system, utilizing technology to provide easy access

1. Recruitment:

   A strong effort must be continued to attract students to the campus. New markets need to be explored, current programs have to be examined, and promotional efforts require continual review.

2. Distance Education:

   Increasing our distance efforts through online, IVN, collaborative, and other alternative formats is critical. The College needs to be competitive in the in-any-way/at-any-time delivery arena.

3. Work Force Training:

   The College has a role in supporting work force development. Important to the achievement of this purpose is cooperation with other educational entities to bring training to the region—particularly the northwest quadrant of the state.

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C. Program Development/Collaboration

.....Keeping academic programs current, updating skills and strategies to meet customer and client needs, pursuing alliances and partnerships with business

1. New Initiatives:

   Obtaining the resources to develop new programs that benefit our citizens will be a challenge. Possible new majors include taxidermy, eco-tourism, gunsmithing, and network security. Collaboration with the private sector, as well as a review of our current course inventory will be necessary.

D. Grants/Capital Campaign

.....Encouraging and supporting the pursuit of grants, encouraging entrepreneurial behavior, strengthening working relationships with local development organizations

1. Grant Writer:

   Access to outside funding that can enhance MSU-Bottineau's funding is essential. The ability to employ a grant writer is critical to obtaining this funding.

2. Alumni/Foundation:

   An effort will need to be made to raise more money from friends and alumni of the college.

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V. COLLEGE MAJORS/PROGRAMS OF STUDY

	Diploma	AAS	AS	AA
Advertising & Marketing	X	X		
Flowershop and Greenhouse Technology	X			
Horticulture-Floral Design		X		
Horticulture-Greenhouse Technology		X		
Horticulture-Landscape Design		X		
Horticulture-Turf Management		X		
Information Management-Accounting Technician		X		
Information Management-Administrative Assistant		X		
Information Management-Medical Secretary		X		
Information Technology-Computerized Office Management		X		
Information Technology-Network Engineering		X		
Information Technology-WebDesign	X			
Information Technology-WebMaster		X		
Medical Assistant	X	X		
Reception Services	X			
Urban Forestry	X	X		
Wildlife and Fisheries Technology		X		
Water Quality Technology	X	X		
*Transfer/Pre-Professional/University Parallel			X	X

*MSU-Bottineau offers the applicable freshman and sophomore coursework for most Bachelor degree programs. The following suggested curricular outlines are included in this catalog:

Accounting
Agriculture
Art
Biology
Business Administration
Business Education
Chemistry
Computer Information Systems
Economics
Elementary Education
English
Health Professions
History
Liberal Arts
Marketing and Management
Mathematics
Music
Physical Education
Pre-Law
Pre-Pharmacy
Pre-Veterinary Science
Psychology
Science
Secondary Education
Social Science
Sociology
Special Education
Urban Forestry
Wildlife Management

The college also offers the following four Certificate of Completion programs that consist of 15 credits or less:

Bookkeeping
Medical Coding & Insurance Specialist
Advanced Medical Transcription
Basic Grounds Worker Skills

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REQUEST / RECOMMENDATION COMPARISON SUMMARY

243 MINOT STATE UNIVERSITY - BOTTINEAU **Bill #: HB1003**

Biennium: 2003-2005

Description	Expenditures Prev Biennium 1999-2001	Present Budget 2001-2003	2003-2005 Requested Incr (Decr)	2003-2005 Requested % Chg	Requested Budget 2003-2005	2003-2005 Recommended Incr (Decr)	2003-2005 Recommended % Chg	Executive Recommendation 2003-2005
BY MAJOR PROGRAM								
MINOT STATE UNIVERSITY - BOTTINEAU	4,141,597	4,325,690	1,424,587	32.9%	5,750,277	(4,325,690)	-100.0%	0
TOTAL MAJOR PROGRAMS	**4,141,597**	**4,325,690**	**1,424,587**	**32.9%**	**5,750,277**	**(4,325,690)**	**-100.0%**	**0**
BY LINE ITEM								
CAPITAL ASSETS	157,717	187,663	1,425,000	759.3%	1,612,663	(187,663)	-100.0%	0
CAMPUS OPERATIONS	3,842,923	4,137,614	0	0.0%	4,137,614	(4,137,614)	-100.0%	0
BIENNIUM CARRYOVER	140,957	413	(413)	-100.0%	0	(413)	-100.0%	0
TOTAL LINE ITEMS	**4,141,597**	**4,325,690**	**1,424,587**	**32.9%**	**5,750,277**	**(4,325,690)**	**-100.0%**	**0**
BY FUNDING SOURCE								
GENERAL FUND	4,133,347	4,325,690	1,424,587	32.9%	5,750,277	(4,325,690)	-100.0%	0
SPECIAL FUNDS	8,250	0	0	0.0%	0	0	0.0%	0
TOTAL FUNDING SOURCE	**4,141,597**	**4,325,690**	**1,424,587**	**32.9%**	**5,750,277**	**(4,325,690)**	**-100.0%**	**0**
TOTAL FTE	46.20	47.44	(11.36)	-23.9%	36.08	(47.44)	-100.0%	0.00

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MINOT STATE UNIVERSITY - BOTTINEAU CAMPUS
2003-05 Budget Request, Executive Recommendation - General Fund

1	Engrossed SB2003 2001-03 General Fund Appropriation	4,285,240	
2	1999-01 General Fund Carryover (Capital Improvements)	413	
3	NDUS Equity/Special Needs Pool Allocation	40,037	
4	NDUS Campus Initiatives (Environmental Tech Program)	69,324	
5	Adjusted 2001-03 General Fund Appropriation	4,395,014	
6	Less One Time Capital Project	(75,000)	
7	Less One Time Campus Initiatives	(69,324)	
8	Less 1999-01 General Fund Carryover	(413)	
9	**Net 2001-03 General Fund 2003-05 Hold Even Budget**	4,250,277	
		0	
10	Add: Capital Project Request	1,500,000	
11	**Total 2003-05 Hold Even Budget and Capital Project Request**	5,750,277	
	Add Optional Budget Requests: (Priority Order)		
12	Parity Funding	287,072	
	Cost to continue FY03 salary increases		26,225
	Operating inflation of 2.5% per year, including utilities		43,668
	Health insurance increase (20.43%)		78,557
	2% per year salary increase for 2003-05		92,110
	Additional 1% per year salary increase for 2003-05		46,512
13	Equity Funding	358,554	
	Faculty Salary Increase of 2%		60,907
	New Program Initiative (IT Development)		140,647
	Hold Tuition Rates to 2001-03 Level		157,000
14	Capital Asset Funding	96,970	
15	**Total Optional Budget Requests**	742,596	
16	**Total 2003-05 Needs-Based Budget and Capital Project Request**	6,492,873	
	Executive Recommendation		
17	Hold Even Budget	(4,250,277)	
18	Capital Project	(1,500,000)	
19	Optional Budget Requests	(742,596)	
20	**Total Executive Recommendation - General Fund Appropriation HB1003**	0	

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MINOT STATE UNIVERSITY - BOTTINEAU CAMPUS
Additional Costs for 2003-05

		Funding Sources				
		Gen. Fund Recommendation	Internal Reallocations	Tuition Increases	Incr. Per Yr.	% Inc.
Additional Costs for 2003-05:						
Cost to continue FY03 salary increase	76,459					
Operating inflation of 2.5% per year	43,668					
Health insurance increase @ 20.43	104,743					
1% & 2% Salary Increases (Effective Jan 1 of each yr.)	41,118					
Subtotal: Additional Costs	265,988	0	99,006	166,982	160	8.98%
Add: Possible Additional Salary Increases						
Additional increment needed for Salary increases of 2% per yr.	81,695	0	0	81,695	78	4.38%
Additional increment needed for salary increases of 3% per yr.	61,861	0	0	61,861	59	3.31%
Subtotal: Needed for Additional Salary Increases	143,556					
Total Additional Costs	409,544	0	99,006	310,538	297	16.67%

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MINOT STATE UNIVERSITY - BOTTINEAU CAMPUS
Extraordinary Repairs & Capital Projects
Summary Report

2001-03 Request	
Extraordinary Repairs	90,130
Capital Project	75,000
Total Capital Assets	165,130
2001-03 Legislative Appropriation	
Extraordinary Repairs	112,663
Capital Project	75,000
Total 2001-03 Capital Assets	187,663

2003-05 Hold Even Request	
Extraordinary Repairs	112,663
Capital Project	1,500,000
Total Capital Assets	1,612,663
2003-05 Optional Adjustment:	
Capital Asset Funding	96,970
Total 2003-05 Capital Assets Request	1,709,633
2003-05 Executive Recommendation	
Extraordinary Repairs	0
Capital Projects	0
Total Recommendation	0

2001-03 Extraordinary Repair Projects	
Heating Plant Electrical Repairs	12,785
Campus Networking	40,466
Fire Alarm Upgrades	15,733
Thatcher Hall Entry Renovation	12,347
Sidewalk/Concrete Repairs	7,410
Road Repairs	15,930
Carpet Replacement	2,586
Miscellaneous Repairs	5,406
Total 2001-03 Projects	112,663

2003-05 Extraordinary Repair Projects	
ADA Projects	30,000
Campus Networking	10,000
Heating Plant Upkeep	16,533
Campus Lighting Projects	5,000
Chemical Storage Upgrade	20,000
Greenhouse Improvements	26,130
Miscellaneous Repair Projects	5,000
Total 2003-05 Projects	112,663

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MINOT STATE UNIVERSITY – BOTTINEAU

BIENNIUM 2001-2003 CAPITAL PROJECT
(Completed)

THATCHER HALL AND CENTRAL HEATING PLANT ELECTRICAL SYSTEMS

The existing 400 amp 120/208 volt electrical service in Thatcher Hall has reached maximum capacity. The gymnasium lights in Thatcher Hall are currently being fed from the electrical service at the Central Heating Plant. The electrical service to Thatcher Hall should be upsized to 1200 amps of 120/208 volt power. This will allow capacity for increased power consumption brought on by the continuous increase in the number of computers in this building. It will also provide sufficient capacity for air conditioning the building. The existing service is also questionably grounded. This can cause power quality problems that affect the computers in the facility. Grounding and bonding a new electrical service according to current electrical codes should alleviate these power quality problems.

According to Otter Tail Power Company, the set of existing pole mounted transformers that feed Thatcher Hall, Central Heating Plant, Maintenance Shop, and Water Tech Building are at maximum capacity. This transformer set is located on the utility pole North of Thatcher Hall and is owned by MSU-B. In addition to the overhead service lines from this pole to the pole east are running very close to the addition built onto the Central Heating Plant. This cast utility pole is leaning towards the addition causing these service lines to be ever closer to the building. The existing transformers should be replaced with two pad mount transformers, one 500 kVA for Thatcher Hall and one 225 kVA for the other three buildings. The primary conductors should be fed down the pole to the new transformers, underground from this location over to the east pole, and back up the east pole. This would alleviate the potential problem of the overhead service lines contacting the building or being struck by a truck delivering coal to the coal dump located under the utility lines at the Central Heating Plant. The east pole should either be replaced or guy-wired to prevent further leaning.

Upgrading the electrical service at Thatcher Hall and replacing the utility transformers should take place under one project. This will lessen the number of power interruptions and provide a clean, complete installation when complete.

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9/30/03
Date

MINOT STATE UNIVERSITY - BOTTINEAU

BIENNIUM 2003-2005 CAPITAL PROJECT

OLD MAIN REPLACEMENT

Old Main is the oldest building on the MSU - Bottineau Campus. Constructed in 1906, the building is in need of modernization in order to meet current standards of life safety, lighting, ventilation, electrical power, and communication systems. A building appraisal survey, conducted in 2000, determined that Old Main is in poor condition and that it is the most deficient campus building. The following is a list of items that represent code violations, poor construction practice, or hazards that contribute to the poor rating:

The framing system is entirely wood.
Masonry needs tuck-pointing.
The roof needs replacing.
Roof dormers need paint.
The foundation walls have alkaline deterioration.
Concrete floors are broken and uneven.
The building basement and upper level are inaccessible.
The exterior doors need replacing.
Many of the interior finishes are non flame-resistant.
Stairs are wood.
Open stairwells are three floors in height.
Insulation is lacking and frost occurs in attic.
Building needs re-lighting.
Ventilation air is non-existent.
Stairway run, height-to-length ratio does not meet code requirements.
Corridors are not fire-rated (doors, walls, finishes).
Open fire escapes are non-complaint with present day codes.
Glass in corridors is not rated.
Masonry walls have cracks.

MSU-Bottineau's campus master plan concluded the quality of the building does not warrant the expenditure of money to elevate it to a substantial facility of learning. New construction would enable the freedom for an information technology center of learning not possible with renovation of the existing building.

A commitment for replacement of Old Main should be made soon, as some repairs are badly needed to sustain the use-ability of the building. Any money invested in repair of Old Main only prolongs its inevitable removal and is a waste of valuable resources.

Following is a list of expenditures necessary to sustain the building if it remains for a period of 6-10 years.

1.	Shingle re-roof	$ 85,056.00
2.	New lighting	85,056.00

3.	Tuck pointing	79,740.00
4.	Electrical upgrade	53,160.00
5.	Elevator	223,272.00
6.	New finishes - carpet paint (remove combustible finishes)	212,264.00
7.	Replace exterior doors	21,264.00
8.	Fire Alarm Upgrade	17,271.00
		$ 777,405.00

If a replacement for Old Main is built, it is recommended an addition be built to the East-end of Thatcher. There are many reasons to justify this location:

1. Connection to another building provides indoor access.
2. An elevator and stairway in the addition resolves two code deficiencies - dead end corridor on the second level of Thatcher, and lack of access to the second floor of Thatcher.
3. The library will be brought to one floor (ground floor) which permits operation of the media center to be more efficient and accessible.
4. The role of Thatcher as the primary classroom/instructional/research/media center on campus is reinforced.
5. The site is centrally located on campus.

The Thatcher Hall addition would include:

1. Two classrooms for liberal arts instruction.
2. Four computer technology laboratories. This would be a flexible space with folding walls capable of opening to large group activities. Technological, distance learning, capabilities in this room would permit presentation for large seminars, group classes as well as smaller classes.
3. Two meeting rooms. The campus lacks sufficient meeting areas for campus and off-campus groups. This would be a two room facility with an operable wall between for expansion to one space.
4. The Learning Center. The tutoring and individualized assistance program is now located in Old Main and would be an appropriate function in this flexible/technology learning center.
5. The Library. The library would remain on the lower level of Thatcher, but additional space would be included in the addition to replace the existing second-level library area.
6. Thatcher renovation. The existing second level library in Thatcher will be converted to classroom space.
7. Facility offices for those faculty currently occupying offices in Old Main.
8. An elevator would service the addition and the existing 2nd floor of Thatcher Hall.
9. The Physical Plant Office and equipment and supplies storage will be located in the basement level.

The original estimated cost of this project is $2,818,000. The Board of Higher Education ranked this project 6th on its' capital projects priority list and designated $1,500,000 for a solution to problems associated with Old Main. We believe that we can redefine the scope of the project in order to fit the $1,500,000 recommendation.

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MINOT STATE UNIVERSITY – BOTTINEAU

BIENNIUM 2003-2005 OPTIONAL ADJUSTMENT
CAPITAL ASSET FUNDING

THATCHER HALL 2nd FLOOR HVAC

The majority of Thatcher Hall does not have air conditioning or controlled ventilation. There are 4 computer labs, 2 classrooms and 5 faculty offices on 2nd floor. Most of these rooms have southern exposures and large expanse of glass. All of these rooms are uncomfortably warm, especially on sunny days, making instruction extremely difficult. Window air conditioning units are noisy and ineffective; especially in the computer labs. The computer labs and 2nd floor classrooms are also utilized during the summer months and should be climate-controlled for student comfort and for providing an atmosphere conducive for learning.

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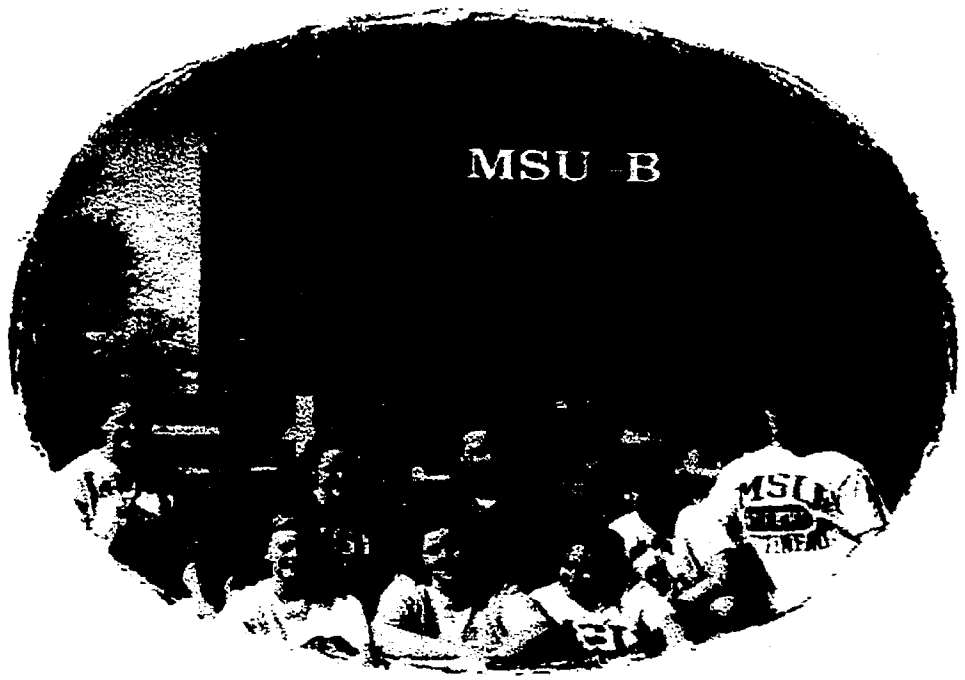
With exception the pages that follow the same testimony was given to the Senate as the House

Exhibit #4
2nd Day



Senate Appropriation Hearings

Fifty-eighth Legislative Assembly

March 3, 2003

Budget Number 243

MSU BOTTINEAU

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MINOT STATE UNIVERSITY - BOTTINEAU CAMPUS
2003-05 Budget Summary - General Fund

1	Engrossed SB2003 2001-03 General Fund Appropriation	4,285,240	
2	1999-01 General Fund Carryover (Capital Improvements)	413	
3	NDUS Equity/Special Needs Pool Allocation	40,037	
4	NDUS Campus Initiatives (Environmental Tech Program)	69,324	
5	Adjusted 2001-03 General Fund Appropriation	4,395,014	
6	Less One Time Capital Project	(75,000)	
7	Less One Time Campus Initiatives	(69,324)	
8	Less 1999-01 General Fund Carryover	(413)	
9	**Net 2001-03 General Fund 2003-05 Hold Even Budget**	4,250,277	
		0	
10	Add: Capital Project Request	1,500,000	
11	**Total 2003-05 Hold Even Budget and Capital Project Request**	5,750,277	
	Add Optional Budget Requests: (Priority Order)		
12	Parity Funding	287,072	
	Cost to continue FY03 salary increases		26,225
	Operating inflation of 2.5% per year, including utilities		43,868
	Health insurance increase (20.43%)		78,557
	2% per year salary increase for 2003-05		92,110
	Additional 1% per year salary increase for 2003-05		46,512
13	Equity Funding	358,554	
	Faculty Salary Increase of 2%		60,907
	New Program Initiative (IT Development)		140,647
	Hold Tuition Rates to 2001-03 Level		157,000
14	Capital Asset Funding	96,970	
15	**Total Optional Budget Requests**	742,596	
16	**Total 2003-05 Needs-Based Budget and Capital Project Request**	6,492,873	
	Executive Recommendation		
17	Hold Even Budget (Block grant to North Dakota University System)	(4,250,277)	
18	Capital Project	(1,500,000)	
19	Optional Budget Requests	(742,596)	
20	**Total Executive Recommendation - General Fund Appropriation HB1003**	0	
	House Amendments		
21	Allocate Campus Operations	4,137,614	
22	Allocate Extraordinary Repairs	112,663	
23	Decrease in Operations	(80,613)	
24	**Total HB1003 Including House Amendments**	4,169,664	

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MINOT STATE UNIVERSITY - BOTTINEAU CAMPUS
Additional Costs and HB1003 Amendments for 2003-05

		Funding Sources					
		Gen. Fund	Internal Reductions	Con't of FY03 Tuition Incr.	03-05 Tuition Incr.	Incr. Per Yr.	% Inc.
Additional Costs for 2003-05:							
Cost to continue FY03 salary increases	76,459						
Operating inflation of 2.5% per year	43,668						
Health insurance increase @ 20.43	101,972						
2+2 Salary Increases	122,813						
Subtotal: Additional Costs	344,912	0	99,006	35,000	210,906	201	11.28%
Add: Decrease in Hold Even Budget							
House amendment to HB1003 - General Fund Reductions	80,613		80,613	0	0		
Total: Additional Costs & Amendments	425,525	0	179,619	35,000	210,906	201	11.28%

Internal reductions include elimination of inflationary increases and 2.0 FTE positions.

Prepared by the North Dakota Legislative Council
staff for House Appropriations
January 13, 2003

Department 244 - Forest Service
House Bill No. 1003

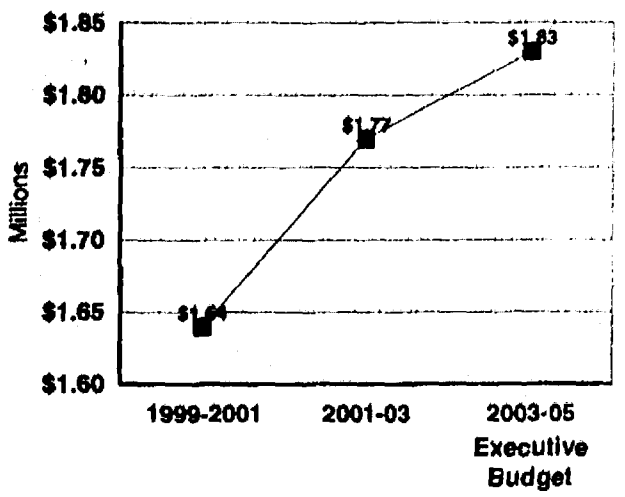
	FTE Positions	General Fund	Other Funds	Total
2003-05 Executive Budget	17.97	$1,825,257	$1,090,001	$2,915,258
2001-03 Legislative Appropriations	17.97[1]	1,768,869[2]	1,050,526	2,819,395[3]
Increase (Decrease)	0.00	$56,388	$39,475	$95,863

[1] The 2001-03 FTE positions were adjusted from 17.81 to 17.97 in accordance with Section 9 of 2001 Senate Bill No. 2003.

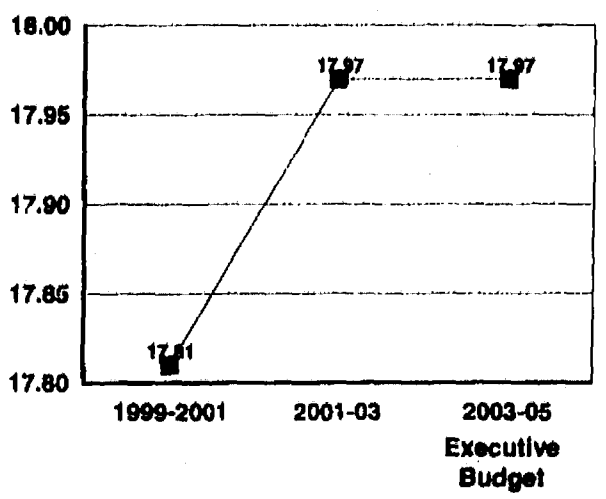
[2] The 2001-03 general fund appropriation is the amount appropriated by the 2001 Legislative Assembly and does not include a reduction of $18,573 relating to the 1.05 percent budget allotment ordered by Governor Hoeven in July 2002.

[3] The 2001-03 appropriation amounts do not include $295,525 of other adjustments and 1999-2001 carryover authority.

Agency Funding - General Fund



FTE Positions



Executive Budget Highlights

	General Fund	Other Funds	Total
1. Removes one-time funding provided in the 2001-03 biennium for an equipment storage building at the Lisbon field office ($20,000) and a tree storage building at the Towner nursery ($12,000)		($140,000)	($140,000)
2. Provides funding for an equipment storage building in Bottineau ($25,000) and an equipment storage building at the Towner nursery ($90,000)		$115,000	$115,000

Major Related Legislation

At this time, no major legislation has been introduced affecting this agency.

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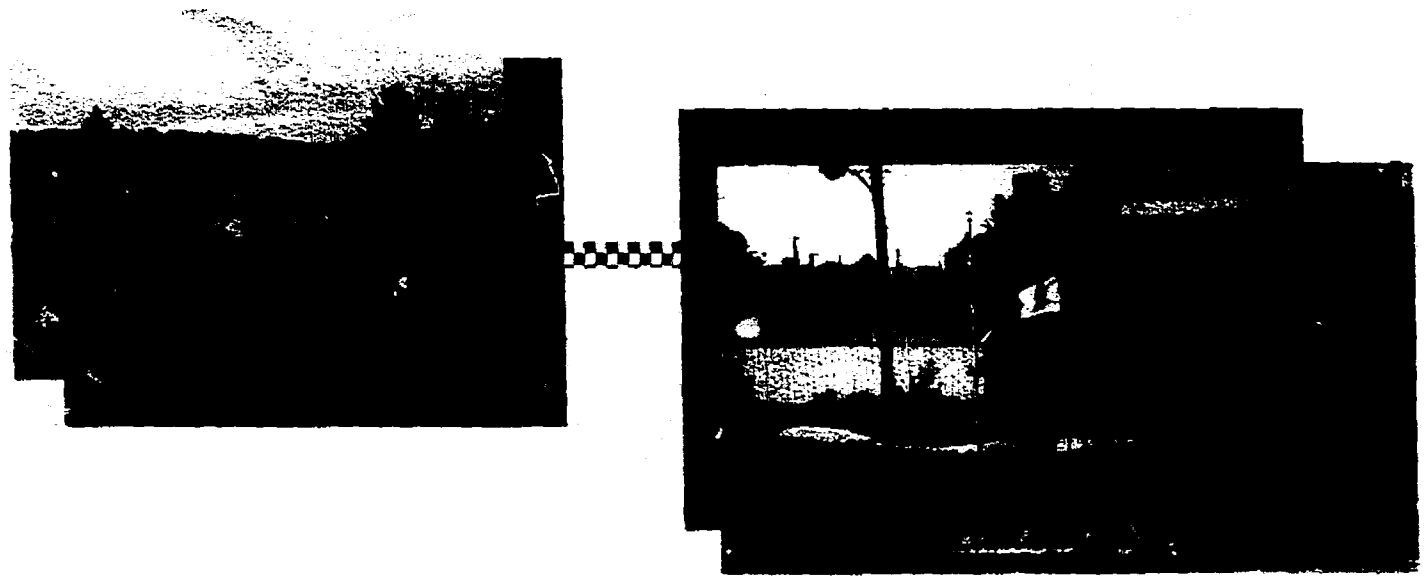
North Dakota Forest Service

"Building Sustainable Communities Through Forestry"



Legislative Booklet
January 2003

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"BUILDING SUSTAINABLE COMMUNITIES THROUGH FORESTRY"

A GUIDE TO THE NORTH DAKOTA FOREST SERVICE

AND

2003 - 2005 BUDGET NEEDS

PREPARED BY:

Larry A. Kotchman
State Forester
North Dakota Forest Service

House Appropriations Hearing
January 14, 2003

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A COMMITMENT TO EXCELLENCE IN PUBLIC SERVICE AND COOPERATIVE FORESTRY PROGRAMS

The North Dakota Forest Service is committed to excellence in public service. Cooperative forestry programs utilize a voluntary, educational and incentive-based approach to address natural resource needs and customer demands. The North Dakota Forest Service continually anticipates future trends and selects appropriate courses of action to address the needs of the citizens of North Dakota. The agency emphasizes long-term planning, increased productivity and a continual improvement of customer service. This philosophy stresses commitment to partnerships, teamwork, employee training, employee empowerment and open communications. Long-range strategic planning enables the North Dakota Forest Service to anticipate new opportunities, visualize the future and develop necessary strategies to best serve North Dakota.

The "Building Sustainable Communities Through Forestry" needs-based forestry initiative provides the financial roadmap to enhance North Dakota's forest resources, improve our quality of life, and strengthen the state's economy for future generations. Cooperative forestry programs have always included technical and financial assistance. To be competitive in securing external federal and state grants, the agency must increase its staffing levels to achieve the correct balance between leading edge technical capability and the increasing demands for financial incentives from customers. This initiative will ensure customers receive the best possible technical advice, financial services and cooperative forestry assistance.

"Building Sustainable Communities Through Forestry" calls for new strategies in the way the state's forest resources are managed. The plan challenges all North Dakotans to do a better job of caring for their trees and forest lands. Improving the condition of North Dakota's forest resources and public forestry services will require a combined effort by foresters, citizens, landowners, community leaders and elected officials.

Ultimately, the key to implementation will hinge on allocating the financial and personnel resources necessary to accomplish the annual work tasks. The 2003-2005 appropriation process will reflect the North Dakota Board of Higher Education's, Governor's and the Legislature's policy decisions regarding forestry programs.

Larry A. Kotchman, State Forester
North Dakota Forest Service
307 First Street East
Bottineau, ND 58318
Telephone (701) 228-5490
E-mail: Larry.Kotchman@ndsu.nodak.edu

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AGENCY MISSION

The North Dakota Forest Service administers forestry programs statewide. The agency operates a nursery at Towner specializing in the production of conifer (evergreen) tree stock. The nursery is the sole supplier of evergreen seedlings in North Dakota. Technical assistance relating to the management of private forest lands, state forest lands, urban and community forests, tree planting and wildland fire protection is provided by the agency. The North Dakota Forest Service also owns and manages approximately 13,278 acres of state forest lands.

Mission

"The mission of the North Dakota Forest Service is to care for, protect and improve forest and natural resources to enhance the quality of life for future generations."

Organizational Structure

The North Dakota Forest Service is organized under the North Dakota Board of Higher Education and has been a part of the higher education system since 1907. The agency is administered by a State Forester who reports to the president of North Dakota State University at Fargo.

The agency is authorized 17.97 FTE and is comprised of seven program coordination teams. Each program team includes a coordinator and a support staff of specialists, technicians and secretaries. The coordinator leads the team; the specialist provides the program services; and the technician and secretary furnish program support. A participatory approach to decision making is used by each team. Public forestry services are delivered by the agency through seven forestry offices. The agency's headquarters is located in Bottineau.

Statutory Authority

Authority is granted to the State Forester under North Dakota Century Code 4-19 to meet the forestry needs in the state by:

- Raising and distributing acclimated forest tree planting stock for landowners;
- Promoting practical forestry to landowners, community groups, schools and other organizations interested in forestry;
- Encouraging the development, use and wise stewardship of forest resources;
- Providing assistance to landowners, producers, communities and public bodies relating to forestry, reforestation, protection of forest resources, prevention and suppression of fires, planting trees and shrubs, and the growing, harvesting, marketing and management of forest resources;
- Acquiring, when appropriate, forest lands that are suited for state forest purposes and managing these lands for the benefit of the citizens of the State.

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Funding Sources

Funding for the operation of the North Dakota Forest Service is provided by the State General Fund, federal sources and other income generated from tree sales.

Long-Range Strategic Planning

The North Dakota Forest Service implemented a long-range strategic planning process in November, 1995. "North Dakota's Forest Resource Plan" is based on input from the agency's seven program coordination areas and external stakeholders. The plan outlines long-range goals and objectives, specific future initiatives, program priorities, implementation time-frames and necessary resources.

The leadership and responsibility for implementing the plan rests with the agency's seven program coordination teams. Short-range annual work plans are used to guide the teams' efforts and insure implementation of the long-range strategic plan. The annual work plan is the tool that bridges the gap between planning and operations. Customer demand, program priorities and budget resources greatly influence the agency's annual directions.

State Forester's Goals

The State Forester's long-range strategic goals are:

- to care for, protect and improve forest and natural resources to enhance the quality of life for future generations.
- to provide leadership in wildfire suppression by working with local, state and federal cooperators to improve the protection of people, property and natural resources from wildfires.
- to raise public awareness about natural resource values, help support informed decision-making and foster individual responsibility in stewards of all ages regarding the wise use and conservation of natural resources.
- to produce and market high quality nursery stock that meets the forest and conservation tree planting needs of private and public landowners.
- to ensure the health, productivity and growth of native, planted and community forests to meet current societal demands while actively preparing for the needs of tomorrow.

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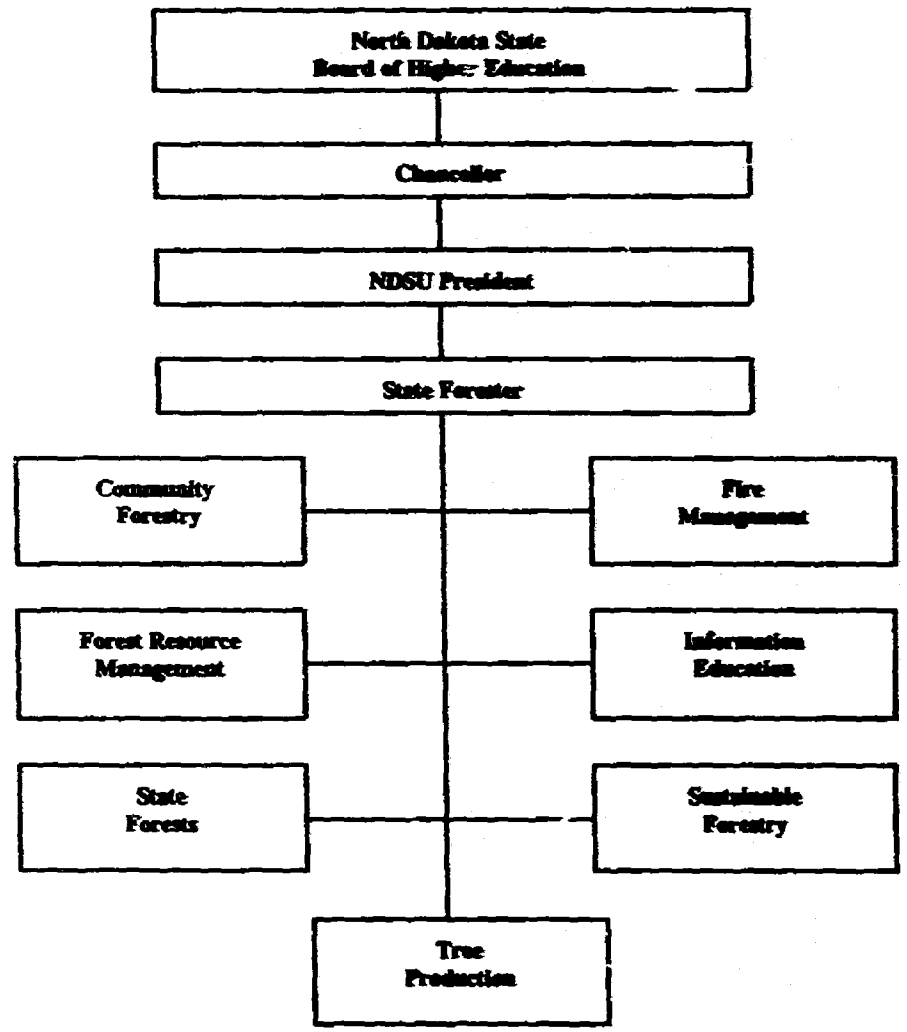
FORESTRY PROGRAMS IN NORTH DAKOTA

The North Dakota Forest Service administers seven (7) forestry programs.

OPERATIONS SUBPROGRAM

- Community Forestry
- Fire Management
- Forest Resource Management
- Information and Education
- State Forests
- Sustainable Forestry
- Tree Production

NORTH DAKOTA FOREST SERVICE ORGANIZATIONAL CHART



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OPERATIONS SUBPROGRAM

A wide variety of customers depend on the North Dakota Forest Service as the sole provider of technical forestry assistance. The North Dakota Forest Service administers seven (7) forestry program coordination areas through its major program cost center of Public Service. The following programs provide forestry services to a significant number of North Dakotans.

Community Forestry

Most of North Dakota's residents live in 372 cities and towns. For them, natural resource management means conservation activities in city parks, tree-lined streets or other green spaces within the community.

The North Dakota Forest Service provides leadership and technical assistance to cities, volunteer groups and other local government entities in all phases of forestry. Program assistance includes tree planting plans, management plans, shade tree ordinances, pest surveys and tree maintenance workshops.

The North Dakota Forest Service administers three community forestry financial assistance programs, America the Beautiful (ATB); Community Transportation Enhancement (CTE); and Family Forest Grant Programs. The programs provide approximately $320,000 in grants to eligible communities for tree planting and other forestry development projects each year.

Financial Assistance Sources

- *ATB Community Forestry Challenge Grant Program*
- *CTE Community Forestry Challenge Grant Program*
- *FF Family Forest Grant Program*

Accomplishments

The North Dakota Forest Service remains the sole supplier of forestry assistance to communities with populations under 7,500. Since 1991, 128 communities have been awarded $1,985,681 for 646 tree planting and community forestry development projects valued at nearly $3.3 million. North Dakota continues to be recognized as a national leader in community forestry with its continual growth in Tree City USA awards. Fifty-four North Dakota communities achieved the award in 2002.

Community Forestry
ATB, CTE and FF Programs 1991-2003

Number of Applications Funded	*646*
Number of Communities Assisted	*128*
Grant Funding Awarded	*$ 1,985,681*
Total Cost of Projects	*$ 3,274,859*

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Fire Management

The Fire Management Program invests in rural North Dakota through a cooperative effort to ensure the protection of lives, property and natural resources. The program is based on the principle that maximum fire prevention through education, training and equipment ensures minimal loss. Firefighter and public safety are the highest priority.

The North Dakota Forest Service administers specific programs that train, organize and equip North Dakota's 376 rural volunteer and 12 career fire departments. The Volunteer Fire Assistance Program provided departments $367,110 in 2002 for organizing, training, planning, purchasing or repairing equipment. Another $199,914 in additional funds were also received from the Department of Interior's Rural Fire Assistance Program for assisting rural fire departments in 2002. A companion program, the Federal Excess Personal Property Program, loans surplus federal equipment to departments for enhancing firefighting capabilities.

Financial Assistance Sources

- *Volunteer Fire Assistance Program (VFA)*
- *Rural Fire Assistance Program (RFA)*
- *Federal Excess Personal Property Program (FEPP)*

Community protection is improved through grants for wildfire hazard mitigation and "FireWise" landscape projects. Technical and financial assistance is provided to identify wildland/urban interface danger areas, and develop strategies to effectively reduce wildfire risks. "FireWise ND," is a program intended to help homeowners and communities assess wildfire risk. Fire prevention is stressed through the distribution of "Smokey Bear" fire prevention materials to schools. As America's most widely recognized public service symbol, Smokey also makes personal appearances.

Accomplishments

As of April 2, 2002, revised cooperative fire agreements have been signed with 378 fire departments for fire protection assistance. Since 1975, over $2.8 million in Volunteer Fire Assistance (VFA) Program cost-share has been awarded to fire departments. As of April 2, 2002, 332 fire vehicles and 2,550 equipment items with an original acquisition value of $7.95 million were on loan to fire departments through the Federal Excess Personal Property Program. In 2002, the agency received 376 project requests from 157 fire departments totaling $1,592,563. Cost share assistance totaling $480,592 was expended by 153 departments on 256 projects valued at $960,540. Over 150 rural firefighters have taken formal wildland fire training provided by the North Dakota Forest Service in preparation for emergency fire mobilization.

Fire Management Accomplishments

- *378 Cooperative Agreements with Rural Fire Districts*
- *Total VFA Awards (1975-2002) $2,887,795*
- *332 Vehicles and 2,550 Equipment Items Valued at $7.95 Million on Loan (04/02/2002)*

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Forest Resource Management

The majority of North Dakota's rural forests are privately owned. Forest Resource Management focuses on educating and assisting non-industrial private landowners to better manage, protect and utilize their natural resources. This is accomplished through the development of a forest stewardship plan and direct financial assistance for forest improvement practices. Rural forestry services are delivered through an agreement with North Dakota's local soil conservation districts.

Through a cooperative agreement with the North Dakota State University Extension Service, the NDSU College of Agriculture and the North Dakota Forest Service, an Extension Forester position will be funded for North Dakota. This position will be will be responsible for planning, organizing, implementing and evaluating extension education programs pertaining to forestry and natural resources. This position will work directly with the Forest Health Specialist to deliver program services including forest health surveys, insect and disease diagnosis and management recommendations on a statewide basis.

Incentives are essential to help rural landowners manage native and planted forests. The Environmental Quality Incentives Program (EQIP) and the Wildlife Habitat Incentives Program (WHIP) offer up to 75 percent cost-share assistance to landowners for accomplishing forest stewardship projects such as tree planting, forest stand improvement, soil and water protection, riparian protection, windbreak renovation and wildlife habitat enhancement. Eligible landowners may sign up at their local FSA office for WHIP or EQIP practices. Another cost-share source available to landowners is funded by EPA-319 grant dollars. The funding is available for implementing riparian best management practices and restricted to land holdings within the Red River Basin. Cost-share dollars are offered on a 60/40 match.

The Forest Stewardship Tax Law offers tax incentive to woodland owners which they can reinvest in active management. The law is administered through participating counties and lowers the annual property tax to 50 cents per acre on enrolled lands.

Financial Assistance Sources

- *Environmental Quality Incentives Program (EQIP)*
- *EPA 319 Grant Funds (Riparian BMP Implementation)*
- *Forest Stewardship Tax Law (Available in participating Counties)*
- *Wildlife Habitat Incentives Program (WHIP)*

Accomplishments

Technical assistance is provided to over 600 rural landowners each year. Since 1991, 2,687 forest resource management plans have been requested and completed for 140,167 acres of privately-owned native and planted woodlands. During that

same period, 487 forest improvement practices have been awarded $586,394 in Stewardship Incentive Program cost-share funds. A total of 611 landowners have enrolled 37,058 acres in the Forest Stewardship Tax Law.

Information and Education

Educational and informational services raise public awareness about natural resource values, help support informed decision-making and foster individual responsibility in conserving natural resources. Specific audiences include elementary school students, youth organizations and adults.

The North Dakota Forest Service sponsors Project Learning Tree (PLT), a conservation education program aimed at teachers and youth leaders working with students in grades K-12. Graduate-level credit workshops are arranged in conjunction with NDSU and local school districts for teachers and volunteer educators.

The Information and Education Program handles the daily requests for forestry information and the publication of educational materials. A newsletter entitled "The Prairie Forester" carries forestry information to over 4,000 farmers, ranchers, community residents, volunteer fire-fighters, educators and concerned citizens across the state.

I & E Services

- *Project Learning Tree (PLT)*
- *Prairie Forester Newsletter*

Accomplishments

Personnel delivered 12,857 seat hours of forestry topics to schools, youth camps, fire departments and public workshops during 2002. Approximately, 3,976 individual assists were made to landowners, citizens, fire departments and schools. The agency also prepared and released 30 news and magazine articles and printed 7 publications on forestry issues.

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Deborah Richards
Operator's Signature

9/30/03
Date

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State Forests



State forests play an important role in the economic well-being of several rural communities by attracting hunters, hikers, campers, skiers, snowmobiles, tourists and other outdoor enthusiasts. The North Dakota Forest Services owns and manages five state forests comprising approximately 13,278 acres. Forests include samples of aspen forest type, elm-ash riparian forests, oak savanna forests, tree plantations, wetlands, small lakes and native prairie. The forests contain three campgrounds, two picnic areas and 50 miles of wooded trails. They also provide public access to four fishing lakes and protect 2.5 miles of river riparian forest. The Turtle Mountain State Forests and Homen State Forest border the Turtle Mountain Scenic Byway and the Sheyenne State Forest borders the Sheyenne River Scenic Byway. The State Forests are located in popular tourist areas and attract hunters, hikers, campers, skiers snowmobilers, wildlife viewers and other outdoor enthusiasts.

Accomplishments

During 2002, over 27,900 people visited and utilized seven state forest properties for recreational opportunities. Approximately, 1,944 people camped on Turtle Mountain State Forest Recreations Areas in 2002. Haying and grazing are part of the management prescription on 18 State Forest tracts with 1,932 acres under lease to 13 landowners. The leased lands are predominately non-forest. Wildlife habitat improvement was completed on 50 acres of aspen-birch forests.

Sustainable Forestry

Native, planted and community forests are an extremely valuable resource that provide myriad benefits to the citizens of North Dakota. These forests provide wildlife habitat, clean air and water, recreational opportunities, erosion control, wind protection, forest products, scenic beauty, increased property values, and numerous other social and conservation benefits.

Our forest resources face many challenges today and will face increasing pressures in the future. Development for non-forest uses, changing demographic paradigms and a lack of economic incentives for landowners to retain and manage land all impact the future of forest lands. It is in North Dakota's best interest to encourage the wise use, conservation and proper management of our native, planted and community forests.



An important focus of the Sustainable Forestry Coordination Area is forest health trends. Trees weakened by drought, fire, flooding or mechanical injury are more likely to be attacked by forest pests. Left undetected, insect and disease populations can build to epidemic levels causing substantial damage to forest resources. Each season, the agency conducts a state-wide survey to detect forest pest outbreaks. Forest health assistance is available through a cooperative agreement between the North Dakota Forest Service and NDSU Extension Service, Department of Plant Science and Department of Plant Pathology.

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Sustainable forestry involves the monitoring, retention, conservation, utilization and health of forest land in the face of increasing societal demands. It means fulfilling today's needs while planning for the needs of tomorrow.

Financial Assistance Sources

- *FEMA/NDDEM HMGP Living Snow Fence Grants*
- *CTE- Living Snow Fence Grants*
- *Mitigation Tree Planting Partnership Grants*

Accomplishments

Forest health efforts center around providing statewide monitoring of forest insect and disease conditions. Additional efforts include: publishing pest condition reports; Gypsy Moth detection trapping; diagnosis of tree problems on private and public lands; and training in identification of insect and disease pests.

Established in the wake of disastrous blizzards in 1996-1997, the Living Snow Fence Initiative is achieving spectacular improvements in road safety and the quality of life in North Dakota. The Living Snow Fence Task Force, chaired by the State Forester, has made over $2.2 million in living snow fence incentives available.

Sustainable Forestry Accomplishments

Individuals trained to identify I&D problems	*5,000*
Acres surveyed for I&D outbreaks	*181,000*
Number of Living Snow Fence Projects	*330*
Counties Participating	*37*
Miles of Roads Protected	*150*
Grant Funds Obligated	*$1,648,794*



Tree Production



The North Dakota Forest Service owns and operates the 160-acre Towner State Nursery. The nursery produces approximately 1.2 million tree seedlings annually for distribution to landowners in North Dakota. The nursery also provides tree improvement services such as testing, evaluation, selection and development of genetically improved tree species for forestry and conservation plantings. Tree planting training and informational materials are also provided to help customers plant and care for trees.

The Towner Nursery is a self-supporting operation specializing in the production of conifer (evergreen) nursery stock in over twenty different species and stock types. Primary species include Colorado blue spruce, Black Hills spruce, ponderosa pine, eastern redcedar, Scotch pine and Rocky Mountain juniper. The trees are distributed at a price not to exceed 110% of the cost of production. The trees are used for farmstead, living snow fence, field windbreak, wildlife, forestry and other conservation plantings.

Accomplishments

Tree Sales: The Towner Nursery sold over 1.6 million trees representing over 29 different species and age classes in 2002. Trees were shipped to 556 customers including soil conservation districts, natural resource agencies and private landowners in 2002. Since 1927, over 72 million tree seedlings have been produced and sold.

Towner State Nursery
1927-2002
Tree Seedling Production

Tree Distribution by County SCD	*45,907,292 Trees*
Additional Tree Distribution	*26,869,749 Trees*
Total Tree Distribution 1927-2002	*72,777,041 Trees*

Nursery Mechanization: The Towner Nursery started a program in 1999 to mechanize tree lifting, grading, packaging, storage and greenhouse operations. The goal of the Mechanization Plan is to minimize strenuous tasks and to reduce overall labor needs. The Towner Nursery depends on a part-time work force of 45 people to produce, lift, grade, package and ship over 1.2 million trees each year. As with most small rural communities in North Dakota, the available workforce in the Towner area is diminishing. Many nursery employees are retired individuals seeking part-time work. Although this is a very effective workforce, it is difficult to find people to do strenuous labor. The second phase and key component of the nursery mechanization plan, a tree storage building, is included in the 2001-2003 capital projects budget.

Seedling Ordering Information

- *Order forms and nursery catalog available by calling Towner State Nursery @ 701-537-5636.*

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2003 - 2005 OPERATIONS BUDGET REQUEST

The total 2003-2005 "hold-even" budget request for operations is $2,712,809.

Salaries and Wages

The salaries and wages request is $1,974,314 and funds 16.97 FTE positions who provide public forestry services relating to the management of private, state and community forest lands. The proposed "hold even" budget eliminates $59,219 in salaries (1.0 FTE) to support the tree production program at Towner State Nursery and forestry assistance programs at the field offices in Bismarck, Bottineau, Lisbon and Walhalla. Services reduced would include the production of over 140,000 seedlings and 100 technical assists to communities, rural fire departments and landowners.

Operating Expenses

The operating request is $491,009. However, in order to comply with the "hold even" budget guideline, the 2.5 percent per year inflationary budget adjustment will require operating expenses to be reduced by $22,707. The funds support the tree production program at Towner State Nursery and forestry assistance programs at the field offices in Bismarck, Bottineau, Lisbon and Walhalla. Funding of operating expenses is necessary to support public forestry services in the following program areas: Community Forestry, Fire Management, Forest Resource Management, Information & Education, State Forests, Sustainable Forestry and Tree Production. Expenditures include travel, telephone and motor pool costs associated with servicing over 1,200 field forestry requests from throughout the state each year. Operating expenses fund annual tree production at 1.2 million seedlings. Expenditures include utilities, repairs and supplies for seeding, weeding, irrigating, fertilizing, lifting, packing and shipping operations associated with both bare-root seedling and containerized tree production. Towner State Nursery provides essentially all of the conifer (evergreen) seedlings for conservation and forestry plantings in every county of North Dakota. In addition, utility, repair and supply expenditures are necessary to maintain office and shop complexes at Towner State Nursery and field offices in Bismarck, Bottineau, Lisbon and Walhalla.

Equipment is an essential component of operating expenses in such programs as tree production, forest resource management and fire management. The agency operates 10 tractors, 8 trailers and 20 other heavy equipment items such as specialized nursery equipment. Approximately, $48,011 in funding is needed for new and replacement equipment associated with tree seedling production at Towner State Nursery, as well as for firefighting, state lands maintenance and office support at the Bottineau, Lisbon and Walhalla field offices.

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Grants for "Trees for North Dakota"

The grants to "Trees for North Dakota" request is $247,486. This request will continue grants to public and private entities for establishing "Family Forests" and "Living Snow Fences" and other associated promotional, educational and fund raising projects associated with strengthening the tradition of tree planting and management in North Dakota. Since 1996, Centennial Trees grants have helped establish 186 "Family Forest" projects in over 90 communities. The "Trees for North Dakota" Trust Fund is funded by private donations including the income-tax check off.

Biennium Carryover

The 2001-2003 biennium carryover is $235,525. The carryover originated from $84,402 in unspent general funds and $151,123 in excess income from greater than anticipated revenues generated by tree sales at Towner State Nursery. The funding was expended for the construction of Towner Nursery Tree Storage Building as authorized in the 2001 session. ADA, deferred capital improvements maintenance and one-time purchases of specialized forestry office and field equipment replacements critical to the mission of the Tree Production, Forest Resource Management, Fire Management and State Forests Programs were also addressed. These included the removal of underground fuel tanks and cleanup, ADA office entrance remodeling and a seedling transplanter at Towner State Nursery, as well as office and shop repairs at the Bottineau and Lisbon field offices.

Income

The estimated income in the 2003-2005 budget is $975,001. Nursery tree sales are projected to generate $727,515, an increase of $64,475 over last biennium.

We anticipate exceeding the $727,515 income goal and also being able to deposit approximately $72,000 into the State Forester's Nursery Reserve Account after June 30, 2005. The current balance in the fund is $325,441.77.

Income also includes $247,486 from the Trees for North Dakota Trust Fund for the "Grants to Trees for North Dakota" line item. The funding is generated by private donations.

Impact of "Hold Even" Budget

The total 2003-2005 costs that are in addition to the "hold even" budget are $146,401. The proposed "hold even" budget would eliminate $81,926 in General Funds. $59,219 in salaries (1.00 FTE) and $22,707 in operating funds would be cut in the "hold even" budget through internal reallocation. The general fund reduction would eliminate salaries and operating funds associated with the tree production program at Towner State Nursery and forestry assistance program at the field offices in Bismarck, Bottineau, Lisbon and Walhalla. Services reduced include the production of 140,000 tree seedlings and 100 technical assists to communities, rural fire departments and landowners. The agency's FTE level would drop from 17.97 to 16.97.

The remainder of the $146,401 in additional 2003-2005 costs that exceed the hold-even budget would be covered by $64,475 in additional revenues from nursery tree sales.

Services Eliminated in the 2003-2005 Hold-Even Budget

Tree Production Program

- ***140,000 Tree Seedlings***

100 Technical Assists

- ***Communities***
- ***Rural Fire Departments***
- ***Landowners***

General Fund Reductions in the 2003-2005 "Hold Even" Budget

Salaries (1.0 FTE)	***$59,219***
Operating (Supplies)	***$22,707***
Total	***$81,926***

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2003 - 2005 OPTIONAL ADJUSTMENTS BUDGET REQUEST

The North Dakota Board of Higher Education has authorized the Forest Service to seek restoration of the $81,926 for "costs to continue" eliminated in the "hold even" budget and to request an additional $130,338 in general funds for an additional 1% salary increase and a needs based forestry initiative. The optional request also includes $79,856 to initiate the new capital assets funding model approved by the Board.

2003 - 2005 Optional Adjustments Budget

Priority	*Amount*	*Description*
1	*$59,219*	*Salary Costs to Continue*
2	*$22,707*	*Operating Costs to Continue*
3	*$27,257*	*Additional 1% for Salaries*
4	*$103,081*	*Forestry Initiative*
5	*$79,856*	*Capital Assets Funding*
	$292,120	*Total Adjustments*

Priority 1 - Restoration of Salary Costs to Continue

This adjustment is to restore $59,219 for salary "costs to continue" eliminated in the "hold even" budget request. The request for salaries (1.0 FTE) supports the tree production program at Towner State Nursery. The funding would be used for the "costs to continue" associated with the 2002-2003 legislatively funded salary increases and the 16% increase in employee health insurance to be incurred during the 2003-2005 biennium. Restoring these funds would assure the continued production of over 140,000 tree seedlings. The agency's FTE level would be restored from 16.97 to 17.97. The Towner State Nursery focuses on growing trees for farmstead, living snow fence and field windbreaks, wildlife, forestry and other conservation uses. Conservation trees are the "green infrastructure" of rural landscapes and play a vital role in sustainable agricultural production systems and rural economies.

Priority 2 - Restoration of Operating Costs to Continue

This adjustment would fund "costs to continue" for a 2.5% inflationary increase of $22,707 in operating expenses to keep pace with rising costs for travel, repairs and supplies. Without this adjustment, rising operating costs will result in the loss of resources for 100 technical assists to communities, rural fire departments and landowners.

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Priority 3 - Additional 1% Salary Increase

This $27,257 request is to fund an additional 1% salary adjustment to achieve 3% per year salary increases for 2003-2005. A national survey indicates the North Dakota Forest Service ranks 48th among state forestry agencies in average salaries for the forestry technicians, forester and state forester classifications. This parity funding is needed to help the agency be competitive in recruiting and retaining its work force.

Priority 4 - Needs Based Forestry Initiative

The $103,081 requested in this needs-based forestry initiative will be used to help offset a general fund match deficit and will leverage approximately $406,875 in new federal and state grant support to help the North Dakota Forest Service achieve its mission in forestry and commitment to public service. The funds will be used for salaries (1.5 FTE) to strengthen the agency's technical, financial and educational services to landowners, communities and fire districts. No new state programs or delivery mechanisms will be created or duplicated.

A wide variety of customers depend on the North Dakota Forest Service as the primary provider of technical and financial forestry assistance. The agency is funded with state general funds and special funds generated by income from tree sales, federal grants, state grants and private donations. The North Dakota Forest Service successfully pursues funds from federal and state grants and private sources to support state forestry programs for landowners, communities and fire districts. State and federal grants have tripled since 1998 and now total $2,539,475 in fiscal year 2001. State general funds are required as match to leverage these special funds. The North Dakota Forest Service has currently obligated nearly all of its available general funds ($841,083), as well as $641,573 in contributions from fire districts and communities, for match.

Federal and state grants for cooperative forestry programs are projected to increase by $3,078,668 during the 2003-2005 biennium. The Forestry Title in the 2002 Farm Bill will provide approximately $2,200,000 in new formula funding for existing state forestry programs in North Dakota. The funds will strengthen watershed forestry assistance, enhance community and private land fire assistance and create a sustainable forestry management cost-share for private landowners. The Federal Highway Administration, ND Department of Transportation, and Federal Emergency Management Agency are slated to award another $578,668 for the Living Snow Fence Initiative administered by the North Dakota Forest Service.

Matching requirements must be fulfilled to qualify for the $3,078,668 in the 2002 Farm Bill and related federal and state grants for cooperative forestry programs during the 2003-2005 biennium. Matching requirements vary from 50/50 to 90/10 among the programs. Approximately, $936,000 in match funds will be provide by the North Dakota Forest Service and $766,002 from other sources such as communities, volunteer rural fire departments and landowners. The North Dakota Forest Service has approximately $293,736 in state general funds available for match in the 2001-2003 budget. This leaves an agency match deficit of $642,264 for the 2003-2005 biennium.

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The "Building Sustainable Communities Through Forestry" initiative will strengthen the agency's ability to deliver needed technical, financial and educational forestry assistance. Funds for this initiative will allow the North Dakota Forest Service to qualify for additional matching funds and expand partnerships to meet forestry goals. The "community-based forestry" theme focuses on improvements for North Dakota in health, safety and the state's economy. The goals for the "Building Sustainable Communities Through Forestry" initiative include:

Health:

- Enhance water quality by managing, protecting and improving the condition of North Dakota's riparian forest resources.

Safety:

- Ensure the protection of people, property and natural resources by expanding wildfire prevention and suppression capabilities.
- Protect people, communities, rural homes and roads from drifting snow by establishing living snow fences.

Economy:

- Promote agroforestry programs to increase and diversify rural economies and enhance agricultural production.
- Help community leaders build long-term social, environmental and economic sustainability within rural communities.

Priority 5 - Capital Assets Funding

The Board of Higher Education approved a new capital assets funding model on April 18, 2002. Under this model, all NDUS entities would reach 100% of full funding of the OMB Building and Infrastructure formulas over a ten-year period, from 2003-05 through 2011-13. If funded at the amount requested for 2003-05, all institutions would be funded at 33% of the OMB formulas. In addition, the total outstanding deferred maintenance needs would be funded over a fourteen-year period, from 2003-05 through 2015-17. Currently, the Forest Service is funded at 10.63% of the OMB building and infrastructure formulas, and has an outstanding deferred maintenance balance of $384,055.

Under this model, the additional funds requested for 2003-05 total $79,856. The use of these dollars will be left to the discretion of the institution with appropriate approvals by the Board of Higher Education for projects greater than $100,000. The Forest Service would be given the authority to allocate dollars for repair and replacement priorities for both deferred maintenance and regular repair and replacement projects. Proposed projects include $50,000 for upgrades to make building entrance and restroom ADA accessible at field offices in Bottineau, Lisbon, Towner and Walhalla. The remaining $29,856 would be used to upgrade plumbing, electrical and remodel the residence at Towner State Nursery.

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NORTH DAKOTA FOREST SERVICE
2003-05 BUDGET REQUEST/RECOMMENDATION

	Salaries & Wages	Operating Expenses	Capital Assets	Centennial Trees	Biennium Carryover	Operations	Total	General Fund	Special Fund
2001-03 Adjusted Appro.	1,929,839	531,009	171,061	247,486	235,525		3,114,920	1,853,271	1,261,649
Continue 2002-03 Salary Increases	36,509						36,509	36,509	0
Heath Insurance Increases	33,206						33,206	33,206	0
2% Salary Increases for 2003-05	53,979						53,979	53,979	0
Operating Inflation -- 2.5% Per Year		22,707					22,707	22,707	0
Reductions to Fund Costs to Continue	(59,219)	(22,707)					(81,926)	(81,926)	0
2001-03 Capital Projects			(140,000)				(140,000)	0	(140,000)
2003-05 Capital Projects			115,000				115,000	115,000	0
2001-03 One Time Adjustments	(20,000)	(40,000)			(235,525)		(295,525)	(84,402)	(211,123)
Additional 2003-05 Nursery Revenues							0	(64,475)	64,475
2001-03 Hold Even Budget	1,974,314	491,009	146,061	247,486	0	0	2,858,870	1,883,869	975,001
Optional Packages: (Priority Order)									
Restoration of Costs to Continue	59,219	22,707					81,926	81,926	0
Additional 1% Salary Increase	27,257						27,257	27,257	0
Needs Based Forestry Initiative	103,081						103,081	103,081	0
Capital Asset Funding			79,856				79,856	79,856	0
Total Optional Budget Packages	189,557	22,707	79,856	0	0	0	292,120	292,120	0
Total 2003-05 Budget Request	2,163,871	513,716	225,917	247,486	0	0	3,150,990	2,175,989	975,001
2003-05 Executive Recommendation									
1&2% Salary Increase						18,125	18,125	18,125	0
Health Insurance Increase						38,263	38,263	38,263	0
2003-05 Capital Project Funding							0	(115,000)	115,000
Forest Service Operations	(1,974,314)	(491,009)		(247,486)		2,712,809	0	0	0
Total 2003-05 Executive Recommendation	0	0	146,061	0	0	2,769,197	2,915,258	1,825,257	1,090,001

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2003-2005 EXECUTIVE RECOMMENDATIONS

Operations

The 2003-2005 executive budget recommends $2,769,197 in "operations" for the North Dakota Forest Service. The operations budget consolidates salaries and wages, operating and grants to Trees For North Dakota line items from the 2003-2005 budget request.

The executive recommendation reinstates 1.0 FTE in forestry tree production eliminated in the "hold even" budget. The budget provides $18,125 to fund the Governor's employee salary compensation package (1&2%) and $38,263 to fund health insurance increases.

Approximately $151,458 have been identified as "Additional Costs for 2003-2005." The costs include:

Costs to continue FY 03 salary increases	$36,509
Operating inflation of 2.5% per year	$22,707
Health insurance increase of 20.43%	$38,263
1% & 2% Salary increases (Jan 1)	$18,125
Possible Salary increases of 2% per year	$35,854

Funding sources to cover these additional costs include $56,388 in general funds provided in the Governor's budget and $64,475 in special funds generated by additional revenues from tree sales at Towner State Nursery. A short fall of $30,595 still remains.

The operations budget provides funds for growing 1.2 million seedlings annually at Towner State Nursery and servicing over 1,200 field forestry requests throughout the state each year by field offices in Bismarck, Bottineau, Carrington, Lisbon and Walhalla. Operations also include $247,486 in donations from the Trees For North Dakota Trust Fund to continue grants to public and private entities for establishing "Family Forests" and other promotional, educational and fund raising projects associated with strengthening the tradition of tree planting and management. The operating inflationary costs of 2.5% per year are needed to keep pace with rising costs for motor pool, repairs, nursery/building supplies and utilities.

Capital Assets

The 2003-2005 executive budget recommends $146,061 in "capital assets" for the North Dakota Forest Service. It provides $31,061 for extraordinary repair projects at the Bottineau, Lisbon and Walhalla Field Offices per the 2003-2005 request. The Governor also included $115,000 for two capital projects. The first is the Equipment/Supply Storage Building at Towner State Nursery ($90,000) and the second project is an Equipment/Supply Storage addition at the Bottineau Field Office ($25,000). The projects will be funded using $115,000 from the State Forester's Seedling Reserve Fund. These homeland security projects are necessary to ensure the safe and secure storage of fertilizers, soil fumigants, pesticides, tree packaging supplies and specialized nursery and forestry equipment.

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NORTH DAKOTA FOREST SERVICE
2003-05 ADDITIONAL COSTS

		Funding Sources		
		General Fund	Special Funds	Shortfall
Additional Costs for 2003-05:				
Cost to continue FY03 salary increases	36,509	-	36,509	-
Operating inflation of 2.5% per year	22,707	-	22,707	-
Health insurance increase @ 20.43	38,263	38,263	-	-
1% & 2% Salary Increases (Effective Jan 1 of each yr.)	18,125	18,125	-	-
Subtotal: Additional Costs	115,604	56,388	59,216	-
Add: Possible Additional Salary Increases				
Additional increment needed for Salary increases of 2% per yr.	35,854	-	5,259	30,595
Subtotal: Needed for Additional Salary Increases	35,854	-	5,259	30,595
Total Additional Costs	151,458	56,388	64,475	30,595

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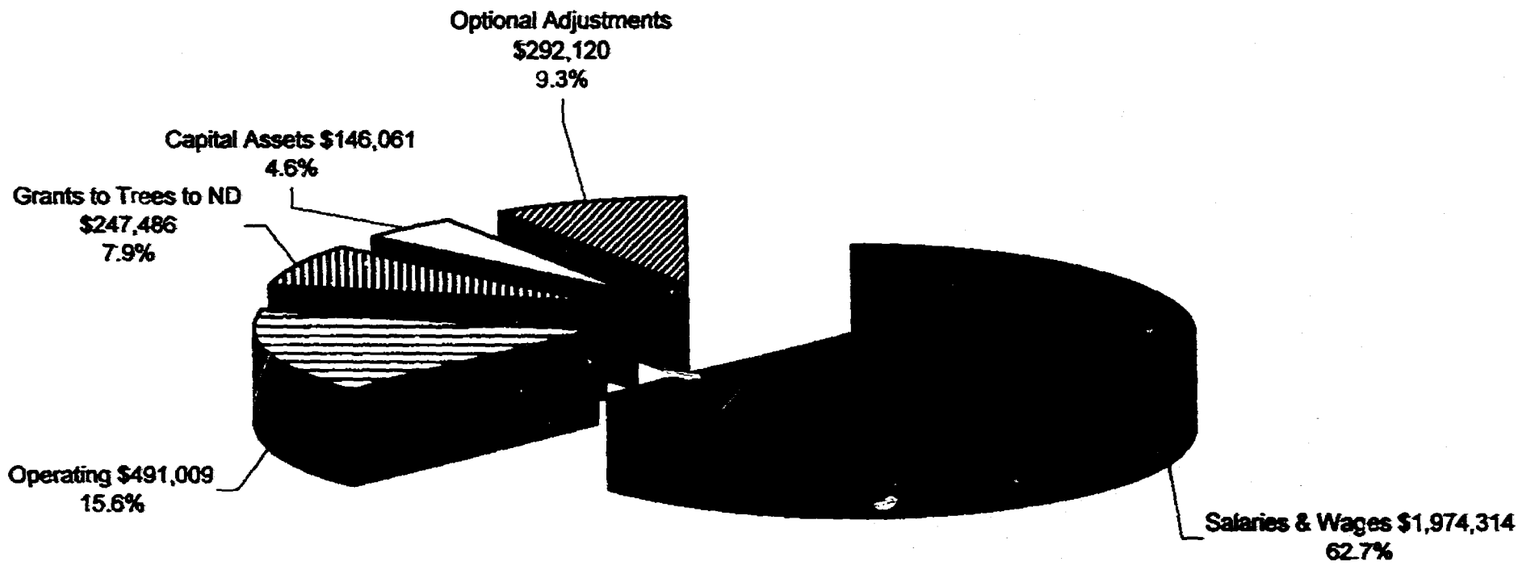
FOREST SERVICE BUDGET REQUEST

2003-2005 BIENNIUM



■ Salaries & Wages $1,974,313	■ Operating $491,009	▥ Grants to Trees to ND $247,486
□ Capital Assets $146,061	▨ Optional Adjustments $292,120	

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2003 - 2005 CAPITAL ASSETS BUDGET REQUEST

Services Provided:

Plant improvements are an essential component of public service in tree production and rural forestry programs, as well as in state forest lands. Plant improvements provide the means to physically improve existing facilities, upgrade existing infrastructure and make necessary repairs to buildings.

Program Accomplishments:

The agency is responsible for maintaining four separate field and nursery facilities located at Bottineau, Lisbon, Towner and Walhalla. These facilities consist of 37 office, shop, storage and recreational buildings. The buildings are valued at $1,176,504. Building ages vary from 1 years to 67 years. In addition, the infrastructure associated with these facilities is valued at $2,463,169.

Extraordinary Repairs:

The 2003-2005 budget request for Extraordinary Repairs is $31,061. Projects identified for 2003-2005 include well-head protection for two public use wells in the Pelican-Sandy Recreation Area and office improvements at the Bottineau, Lisbon and Walhalla field offices.

2003-2005 Extraordinary Repair Projects

- ***Well-head protection repairs (State Forests) $1,200***
- ***Office improvements (Bottineau Field Office) $13,861***
- ***Office repairs (Lisbon Field Office) $7,000***
- ***Replace office floor coverings (Walhalla Field Office) $9,000***

Capital Projects:

The North Dakota Board of Higher Education authorized the Forest Service to request $115,000 for two capital projects in the 2003-2005 budget. Priority #1 is an Equipment/Supply Storage Building at Towner State Nursery. Priority #2 is an Equipment/Supply Storage Building at the Bottineau Field Office.

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Priority #1 – Equipment/Supply Storage Building - Towner State Nursery - $90,000

The Equipment/Supply Storage Building is a homeland security project to ensure the safe and secure storage of fertilizers, soil fumigants, pesticides, tree packaging supplies, greenhouse containers and specialized nursery equipment. The project involves the construction of a new 50' by 100' steel building with cement floor and electricity. The facility will be located near the center of the nursery grounds for improved 24-hour security. The building will replace an old barn and a fertilizer warehouse built in the 1930s. The Equipment/Supply Storage Building would require $90,000 in capital project funding.

The Towner Nursery produces and ships 1.4 million trees each year. The nursery grows both field grown bare root stock and greenhouse grown container stock. Tree Production, packaging and shipping requires a large labor force, much specialized equipment, plus large quantities of packaging supplies, greenhouse containers, fertilizers and other tree production supplies.

The Equipment/Supply Storage Building is necessary to ensure the proper storage of fertilizers, pesticides, tree packaging supplies and specialized nursery equipment at Towner Nursery. Approximately 40,000 pounds of fertilizer, 2,000 pounds of soil fumigants, 110 gallons of pesticides and 20 gallons of acid are stored and utilized by the nursery each year.

Priority #2 – Equipment/Supply Storage Addition - Bottineau Field Office - $25,000

The Equipment/Supply Storage Addition is needed to store pesticides, vehicles, tractors and other state forest maintenance equipment at the Bottineau field office. This homeland security project will address problems associated with safety, security, weather and vandalism. This 32' x 30' pole barn addition would be unheated. A cement floor and electricity would be added to the proposed addition and the entire 32' x 48' existing structure.

Approximately, 27,900 people utilize the state forests each year. The Turtle Mountain State Forest is maintained by personnel and equipment stationed at the Bottineau field office. The forest is a popular local attraction frequented by hunters and hikers for dispersed recreational activities.

Safe and secure storage is needed for pesticides and equipment. Present storage is not adequate and vehicles, tractors, and other state forest maintenance equipment must be stored outdoors. Problems associated with weather and vandalism have occurred. Approximately, 30 gallons of pesticides are stored and utilized on the Turtle Mountain State Forest each year.

2003-2005 Capital Projects

- ***Equipment/Supply Storage Building (Towner State Nursery) $90,000***
- ***Equipment/Supply Storage Addition (Bottineau Field Office) $25,000***

NORTH DAKOTA FOREST SERVICE
APPROPRIATION HISTORY

AGENCY TOTALS	ACTUAL 1987-1989	ACTUAL 1989-1991	ACTUAL 1991-1993	ACTUAL 1993-1995	ACTUAL 1995-1997	ACTUAL 1997-1999	ACTUAL 1999-2001	BUDGET 2001-2003
Line Item								
Salaries & Wages	1,185,114	1,138,513	1,359,487	1,450,194	1,503,926	1,640,943	1,733,583	1,921,729
Operating	350,182	383,492	372,372	365,149	385,139	401,964	409,410	476,486
Equipment	56,035	98,176	109,267	25,941	47,548	47,962	65,011	48,011
Capital Imp.	29,819	68,116	68,492	32,163	72,801	80,944	79,541	171,061
Grant to Cent Trees	0	0	0	0	76,368	112,024	177,427	247,486
Biennium Carryover	0	0	0	0	0	50,510	149,875	235,525
Total Expenses	1,621,150	1,688,297	1,909,618	1,873,447	2,085,782	2,334,347	2,614,846	3,100,298
Funding Source								
General Funds	961,583	1,231,180	1,393,434	1,233,020	1,256,465	1,509,283	1,615,043	1,838,649
Other Funds	659,567	457,117	516,184	640,427	829,317	825,064	999,803	1,261,649
Total Appropriation	1,621,150	1,688,297	1,909,618	1,873,447	2,085,782	2,334,347	2,614,846	3,100,298
FTEs	21.02	23.77	23.77	21.77	17.66	17.66	17.66	17.97

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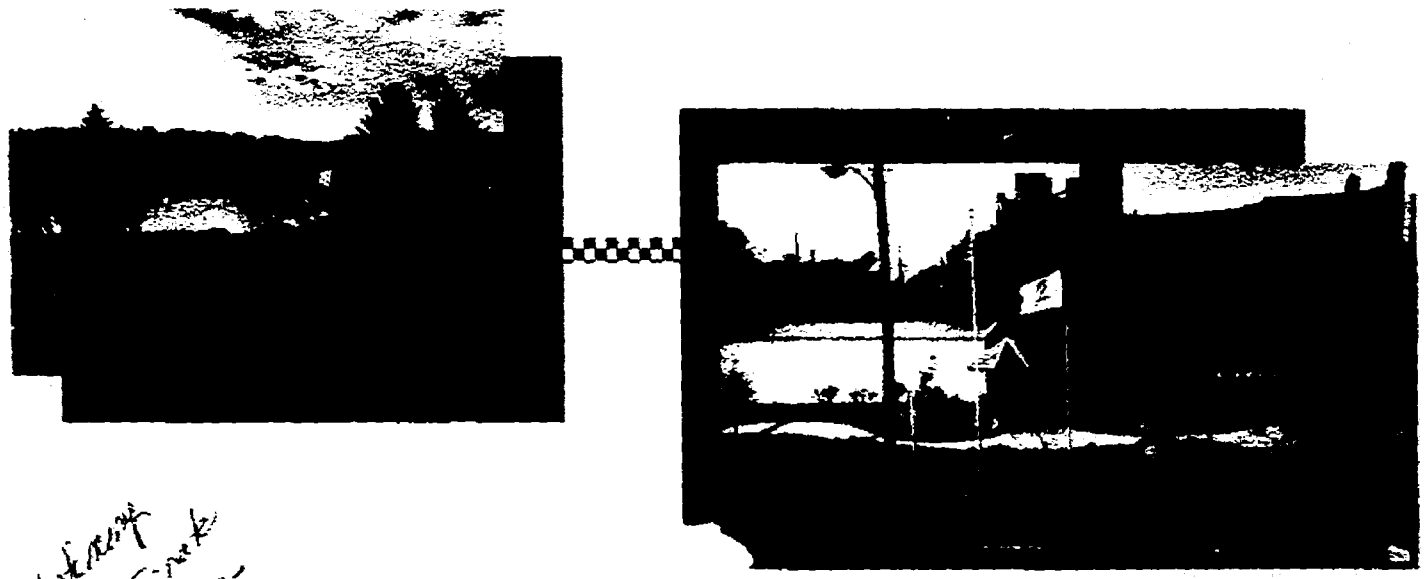
Exhibit #7
3rd
day

North Dakota Forest Service

"Building Sustainable Communities Through Forestry"



Legislative Booklet
March 2003

with the exception of these pages. Same testimony given to Senate as to House

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"BUILDING SUSTAINABLE COMMUNITIES THROUGH FORESTRY"

A GUIDE TO THE NORTH DAKOTA FOREST SERVICE

AND

2003 - 2005 BUDGET NEEDS

PREPARED BY:

Larry A. Kotchman
State Forester
North Dakota Forest Service

Senate Appropriations Hearing
March 4, 2003

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NORTH DAKOTA FOREST SERVICE
2003-05 BUDGET REQUEST

	Salaries & Wages	Operating Expenses	Capital Assets	Centennial Trees	Biennium Carryover	Operations	Total	General Fund	Special Fund
2001-03 Adjusted Appro.	1,929,839	531,009	171,061	247,486	235,525		3,114,920	1,853,271	1,261,649
Less: 2001-03 Capital Projects			(140,000)				(140,000)	0	(140,000)
2001-03 One Time Adjustments	(20,000)	(40,000)			(235,525)		(295,525)	(84,402)	(211,123)
Add: 2003-05 Capital Projects			115,000				115,000	115,000	0
2003-05 Hold Even Budget	1,909,839	491,009	146,061	247,486	0	0	2,794,395	1,883,869	910,526
Needs Based Options: (Priority Order)									
Costs to Continue									
Continue 2002-03 Salary Increases	36,509						36,509	0	36,509
Health Insurance Increases	33,206						33,206	27,947	5,259
2% Salary Increases for 2003-05	53,979						53,979	53,979	0
Operating Inflation – 2.5% Per Year		22,707					22,707	0	22,707
Additional 1% Salary Increase	27,257						27,257	27,257	
Needs Based Forestry Initiative	103,081						103,081	103,081	0
Capital Asset Funding			79,856				79,856	79,856	0
Total Needs Based Options	254,032	22,707	79,856	0	0	0	356,595	292,120	64,475
Total 2003-05 Budget Request	2,163,871	513,716	225,917	247,486	0	0	3,150,990	2,175,989	975,001
2003-05 Executive Recommendation									
1&2% Salary Increase						18,125	18,125	18,125	0
Health Insurance Increase						38,263	38,263	38,263	0
2003-05 Capital Project Funding							0	(115,000)	115,000
Needs Based Options	(254,032)	(22,707)	(79,856)			64,475	(292,120)	(292,120)	0
Forest Service Operations	(1,909,839)	(491,009)		(247,486)		2,648,334	0	0	0
Total 2003-05 Executive Recommendation	0	0	146,061	0	0	2,769,197	2,915,258	1,825,257	1,090,001
2003-05 House Amendments to HB1003									
Reduction to Operations						(33,857)	(33,857)	(33,857)	
Removes Funding for Salary Increases						(18,125)	(18,125)	(18,125)	
Total 2003-05 House Version	0	0	146,061	0	0	2,717,215	2,863,276	1,773,275	1,090,001

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2003-2005 HOUSE AND EXECUTIVE RECOMMENDATIONS

Operations

The House recommendation provides $2,717,215 in "operations" for the North Dakota Forest Service. The operations budget consolidates salaries and wages, operating and grants to Trees For North Dakota line items from the 2003-2005 budget request.

The House recommendations removes $18,125 from the Governor's budget for employee salary increases and $33,857 to fund health insurance increases. This $51,982 reduction will eliminate the equivalent of one full-time forestry position associated with tree production and field forestry programs. The agency's FTE level would drop from 17.97 to 16.97.

Approximately $151,456 have been identified as "Additional Costs for 2003-2005." The costs include:

Costs to continue FY 03 salary increases	$36,509
Operating inflation of 2.5% per year	$22,707
Health insurance increase of 20.43%	$38,263
Proposed Salary increases of 2% per year	$53,979

Funding sources to cover these additional costs include $4,4
in general funds provided in the House budget and $64,475 in special funds generated by additional revenues from tree sales at Towner State Nursery. A short fall of $82,577 still remains.

The operations budget provides funds for growing 1.2 million seedlings annually at Towner State Nursery and servicing over 1,200 field forestry requests throughout the state each year by field offices in Bismarck, Bottineau, Carrington, Lisbon and Walhalla. Operations also include $247,486 in donations from the Trees For North Dakota Trust Fund to continue grants to public and private entities for establishing "Family Forests" and other promotional, educational and fund raising projects associated with strengthening the tradition of tree planting and management. The operating inflationary costs of 2.5% per year are needed to keep pace with rising costs for motor pool, repairs, nursery/building supplies and utilities.

Capital Assets

The 2003-2005 House and Executive budget recommends $146,061 in "capital assets" for the North Dakota Forest Service. It provides $31,061 for extraordinary repair projects at the Bottineau, Lisbon and Walhalla Field Offices per the 2003-2005 request. The Governor also included $115,000 for two capital projects. The first is the Equipment/Supply Storage Building at Towner State Nursery ($90,000) and the second project is an Equipment/Supply Storage addition at the Bottineau Field Office ($25,000). The projects will be funded using $115,000 from the State Forester's Seedling Reserve Fund. These homeland security projects are necessary to ensure the safe and secure storage of fertilizers, soil fumigants, pesticides, tree packaging supplies and specialized nursery and forestry equipment.

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NORTH DAKOTA FOREST SERVICE
2003-05 ADDITIONAL COSTS
Based on House Amendments to HB1003

		Funding Sources		
		General Fund	Special Funds	Shortfall
Additional Costs for 2003-05:				
Cost to continue FY03 salary increases	36,509	0	36,509	0
Operating inflation of 2.5% per year	22,707	0	22,707	0
Health insurance increase @ 20.43	38,263	4,406	5,259	28,598
2 + 2 Salary increases	53,979	0	0	53,979
Total Additional Costs	151,458	4,406	64,475	82,577

Prepared by the North Dakota Legislative Council
staff for House Appropriations
January 13, 2003

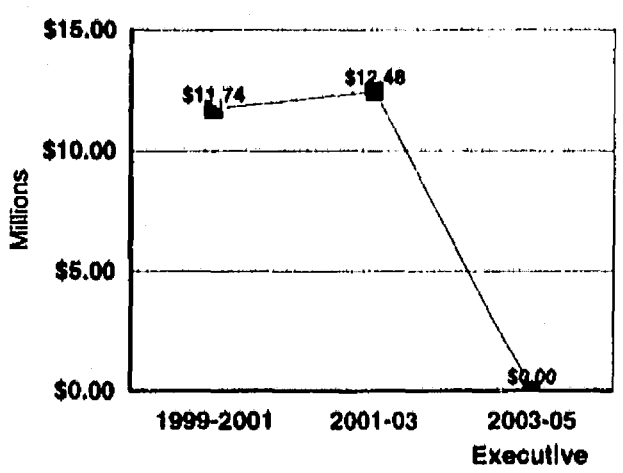
Department 242 - Valley City State University
House Bill No. 1003

	FTE Positions	General Fund	Other Funds	Total
2003-05 Executive Budget	0.00	$0	$0	$0
2001-03 Legislative Appropriations	109.03	12,480,847[1]	0	12,480,847[2]
Increase (Decrease)	(109.03)	($12,480,847)	$0	($12,480,847)

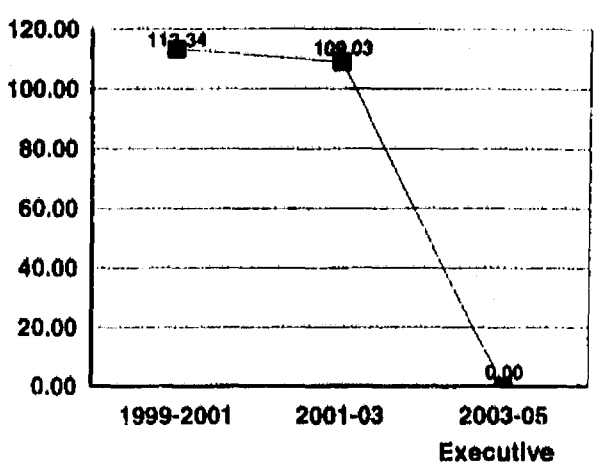
[1] The 2001-03 general fund appropriation is the amount appropriated by the 2001 Legislative Assembly and does not include a reduction of $132,876 relating to the 1.05 percent budget allotment ordered by Governor Hoeven in July 2002.

[2] The 2001-03 appropriation amounts include a general fund allocation of $40,000 from the contingency and capital improvement funding appropriated to the University System. The 2001-03 appropriation amounts do not include general fund allocations of $89,000 from the equity and special needs funding pool and $125,000 from the contingency and capital improvement funding considered to be one-time funding for the 2001-03 biennium.

Agency Funding - General Fund



FTE Positions



Executive Budget Highlights

	General Fund	Other Funds	Total
1. Consolidates funding for all higher education institutions into the University System office budget	($12,480,847)		($12,480,847)

Major Related Legislation

House Bill No. 1039 - Special funds continuing appropriation - This bill provides for the continuation of the continuing appropriation of higher education institutions' special revenue funds, including tuition.

House Bill No. 1040 - Unspent general fund appropriations - This bill provides for the continuation of the University System's authority to carry over at the end of the biennium unspent general fund appropriations.

House Bill No. 1041 - Budget request and appropriation - This bill continues the requirement that the budget request for the University System 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. The bill also continues the requirement that the appropriation for the University System include block grants for a base funding appropriation and for an initiative funding appropriation and an appropriation for asset funding.

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Summary of Direct Economic Impacts

Valley City State University significantly impacts the economy of Valley City and the surrounding area.

The university, its students, and its employees contribute to the economy in several ways: creating jobs, strengthening the tax base, and expanding the credit base of the community.

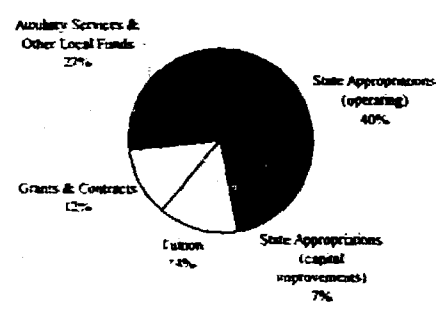
VCSU's economic presence creates an estimated 370 secondary jobs outside the university. Secondary jobs are the employment opportunities required by local businesses to support the presence of the university, its students, and employees.

For the current fiscal year, July 1, 2002-June 30, 2003, the university's injecting $12.6 million into the economy. Using an economic multiplier factor of 2.8* developed by North Dakota State University, VCSU's direct spending generates a total annual economic impact of $35.3 million.

*These calculations were based on the North Dakota Input Output Model developed and tested by agricultural economists at North Dakota State University. The multiplier is a statistical measure that shows the effect of how money cycles through the economy, thus representing the total impact of each dollar spent.

Income

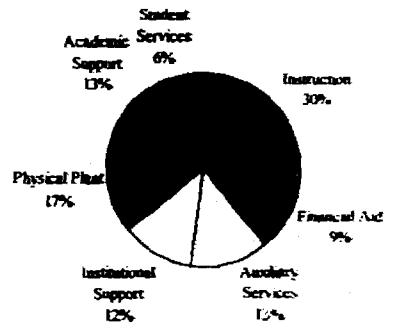
(2002-2003)



State Appropriations (operating)	$5,712,386
State Appropriations (capital improvements)	1,004,940
Tuition	2,093,900
Grants and Contracts (including financial aid)	1,772,610
Auxiliary Services & Other Local Funds (food service, dorms, bookstore, continuing education, Corporate Adventures, other fees)	3,931,625
Total Income	**$14,515,461**

Expenses

(2002-2003)



Instruction (faculty salaries, equipment)	$4,314,950
Financial Aid	1,302,260
Auxiliary Services	1,948,907
Institutional Support	1,764,544
Physical Plant	2,485,535
Academic Support (vice-president, library)	1,873,690
Student Services (admissions, counseling)	758,206
Debt Retirement	30,000
Total Expenses	**$14,478,092**
Multiplier	x 2.8*

Direct Economic Impact in 2002-2003 of $35.3 Million

Work Force

(October 2002)

Full time	
Faculty	56
Staff	94
Subtotal	150
Part time	
Faculty	21
Staff	16
Students	180
Subtotal	217
Total	**367**

Wages and Benefits

(Fiscal Year 2002-2003)

Faculty, Staff and Student	
Total Compensation	**$7,865,170**

Capital Assets

Land			64 acres
Buildings	No.	Gross Sq. Ft.	Value
Academic	11	258,857	$20,793,820
General	1	8,601	511,880
Auxiliary	8	200,582	14,360,885
Other	9	37,099	842,245
Equipment			$1,793,207
Library Resources			$2,177,432
Total			**$40,889,469**

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Economic Impact

December 2002



Valley City State University
www.vcsu.edu

V C S U

Summary of Indirect Economic Impacts

Beyond its direct economic impact, Valley City State University has an indirect economic impact as well. Some indirect factors include:

Student spending of $5 million for board, room, and personal expenses.

Visitor spending of approximately $700,000 by those who travel here to attend continuing education programs, Corporate Adventures programs, and cultural, athletic, and other events on campus.

When the same economic multiplier of 2.8 is applied to the $5.7 million spent by students and visitors, VCSU generated $16 million in indirect economic impact.

Student Spending

Nine month estimated budget on/off campus

Tuition and fees	$3,504
Room and board	3,140
Books	700
Personal expenses	2,706
Total	$10,050

Nine-month estimated budget with parent

Tuition and fees	$3,504
Room and board	2,300
Books	700
Personal expenses	2,706
Total	$9,210

According to figures from the VCSU Financial Aid office, the average student living on campus spends an estimated $2,706 on personal expenses. (VCSU houses 349 students for a total of $1,067,600).

The 750 students who live off campus spend an estimated $5,846 each for board, room, and personal expenses, totaling $4,384,500.

Taken together, living expenses of students amount to approximately $5,452,100.

Visitor Spending

Throughout the year, the university hosts many events for elementary and secondary students, such as music and speech festivals, Science Olympiads, track meets, and athletic camps. These events bring thousands of people to Valley City from throughout the state, some involving overnight stays.

Student Statistics (Fall 2002)

Total credit enrollment	1,022
Men	45.21%
Women	54.79%
North Dakota residents	74.85%
Barnes County residents	28.86%
Age 25 or older	20.64%
Married	3.82%
Live on campus	30%
Live off campus	70%

Indirect Annual Economic Impact of $16 Million

Valley City State University

Valley City State University is a learner centered community dedicated to continuing improvement in meeting student needs. Preparing individuals to serve in a changing world, the institution provides a quality educational experience in an innovative culture and a technologically enhanced environment.

- Approximately 50 percent of VCSU students intend to become teachers. The nation needs millions of teachers and the state is beginning to experience teacher shortages that will worsen with expected retirements and out-migration of teachers seeking higher pay in other states.
- Approximately 23 percent of VCSU students are majoring in a business-related field.
- Whatever their major, VCSU alumni end up in a wide variety of careers. Our placement rate for graduates is 91 percent.
- Since 1996, VCSU has provided every student and faculty member with full-time use of a notebook computer. A growing number of students state that this asset was a major reason for their choosing VCSU. School personnel prefer our teaching graduates because of their technology skills, as well as their excellent teacher preparation. With our partnership with Great Plains Software, we are preparing an increasing number of individuals for exceptional careers in the information technology field.

For more information about Valley City State University or additional copies of this document, contact the President's Office, 101 College Street SW, Valley City, ND 58072, or call 701-845-7102.

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Valley City State University
101 College Street SW
Valley City, ND 58072
1-800-532-8641
www.vcsu.edu

VCSU is The Best
according to
eight national publications,
five national organizations, and
two state organizations
in private business, technology,
administration, and education.

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Valley City State University

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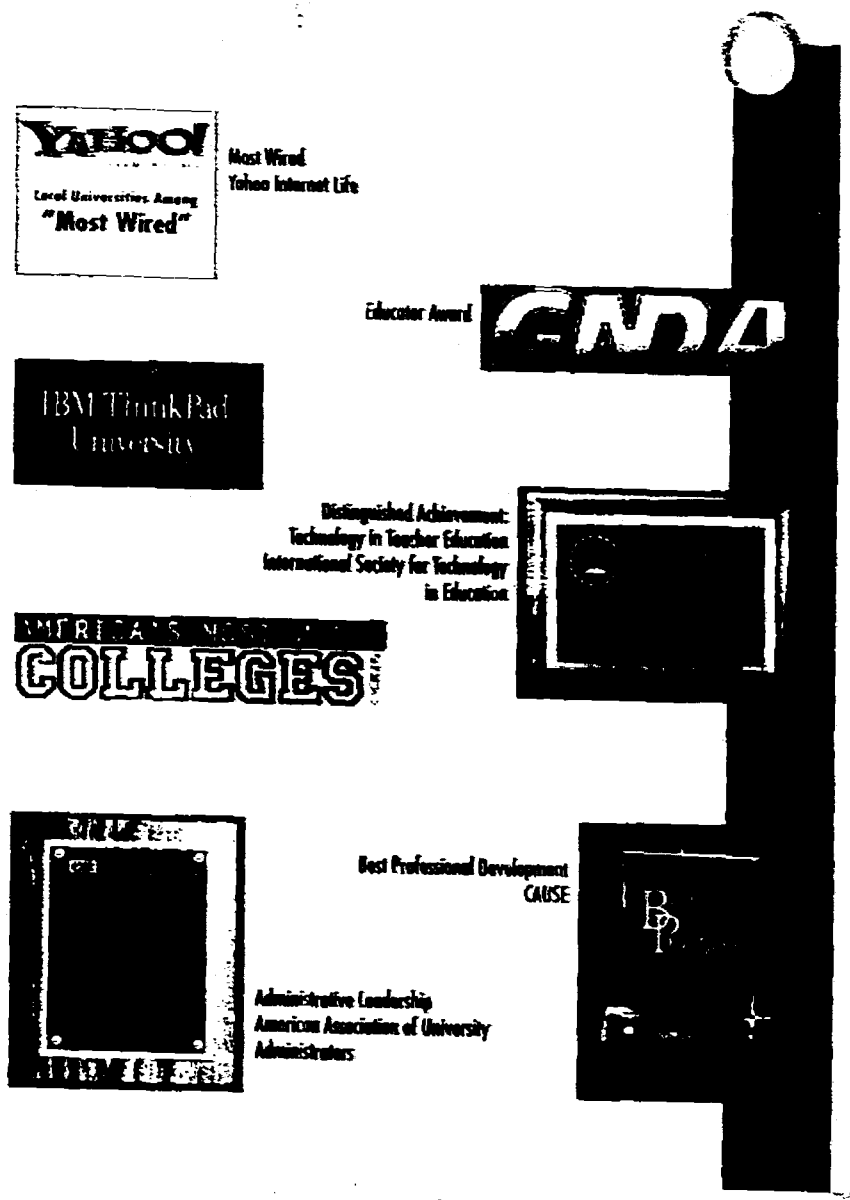

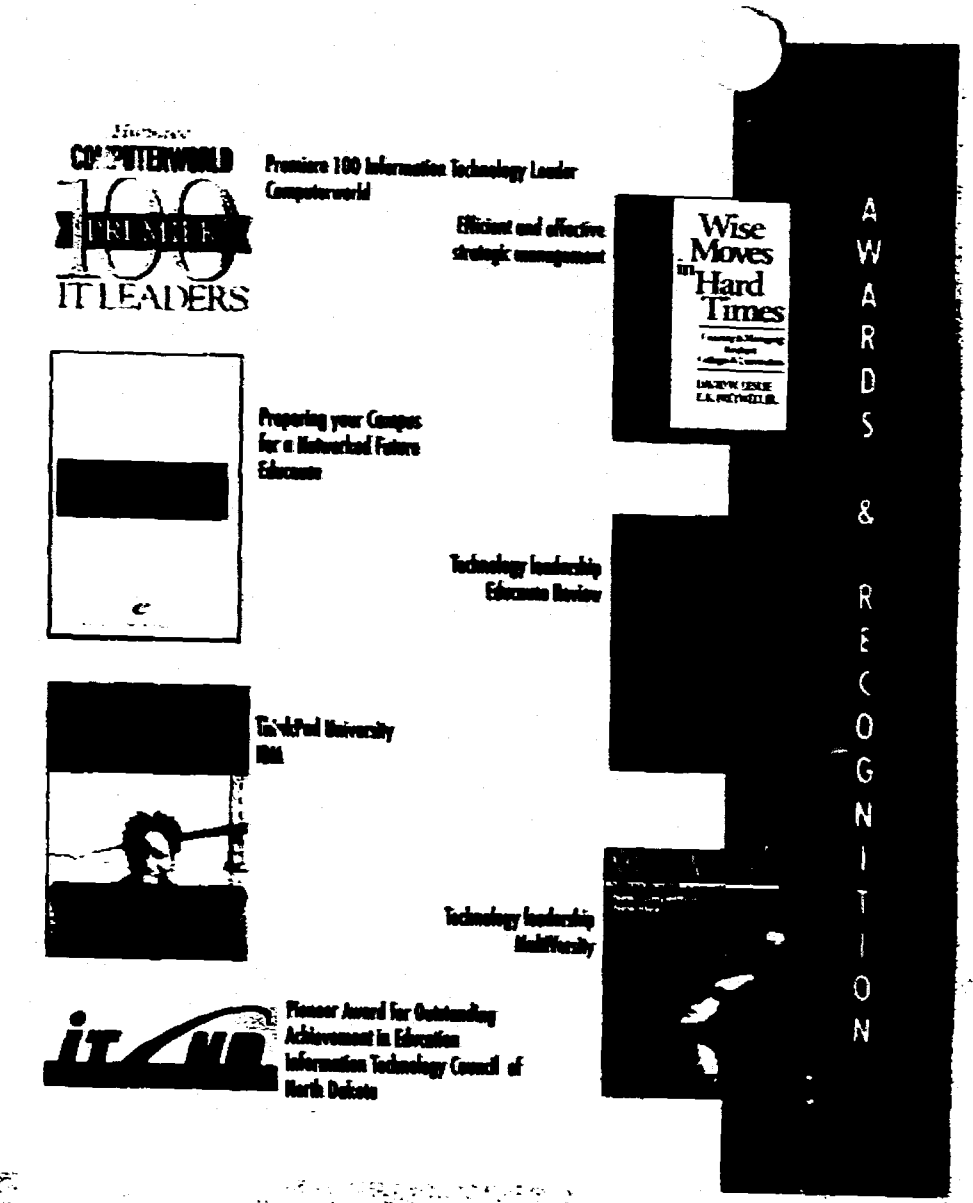

House of Representatives
Appropriations Committee
Education and Environment Division
January 15, 2003

Testimony by:
Ellen-Earle Chaffee, President
Valley City State University

Same Testimony given to Senate

Valley City State University Budget Hearing

Mr. Chairman, members of the Education and Environment Division, I am Ellen Chaffee, president of Valley City State University. Thank you for this opportunity to present our accomplishments and needs for your consideration.

I would like to give you a very quick overview of developments at VCSU since we last met. Then Bill Ament, VCSU's comptroller, will present the budget and capital project information. Following his segment, Annie DeKrey, senior education major from Steele, North Dakota would like to tell you about student satisfaction at VCSU.

For the quick overview, I have listed a number of key items that have occurred since the 2001 Legislative Assembly, according to the titles of the cornerstones of the Roundtable report.

Educational Excellence

- Nearly 400 VCSU students completed a 115- item questionnaire last fall to measure their satisfaction with the university on 11 key services. On all 11 scales, students at VCSU were significantly more satisfied than the average for students at other four-year colleges both in the state and nationwide (see flyer).
- Full reaccreditation: The Higher Learning Commission (NCA)
  - "The use of notebook computers by faculty and staff has resulted in improved student learning." Site visit team report, 2001-2002
  - "Technology initiatives in the past decade such as the notebook initiative, digital portfolios, the Center for Innovation in Instruction, and the new Regional Technology Center have made a large impact on the quality of instruction and service to constituents." Site visit team report, 2001-2002
- Full reaccreditation: National Council for Accreditation of Teacher Education (NCATE)
- Full reaccreditation: National Association of Schools of Music (NASM) - anticipated
- Fifth annual *US News & World Report* "top college" recognition
- Distinguished Achievement Award from the International Society for Technology in Education
- Initiatives to seek additional international students from China and Mexico

Economic Development

- Full partner with the economic development group, new Regional Technology Center

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- Meetings with leaders from Oakes and Ellendale
- Creation of Camp Cyber Prairie to engage youth with technologies (92 statewide campers in year one)
- Fiesta Mexicana, an economic, cultural, and educational event that drew an estimated 2,000 participants
- VCSU president and vice president serve on city/county economic development board
- Pioneer Award for outstanding achievement in education, Information Technology Council of North Dakota (ITCND)
- Hi-Line Award, Valley City Chamber of Commerce
- Educator Award, Greater North Dakota Association
- Annual regional economic impact of $51.3 million - $35.3 million direct impact plus $16 million indirect impact (see brochure)

Access

- VCSU elementary education degree on the campus of NDSU
- Courses and programs offered in Jamestown
- World-class Technology Education degree program online – partnership discussions underway with the University of West Florida and representatives from several other states
- Significant progress on degree programs in Bismarck and Dickinson
- Significant progress on degree program in collaboration with UND
- Plans to work with in-service teachers to meet No Child Left Behind requirements

Flexibility and Accountability

- Major developments with online and off-site face-to-face instruction
- Proposal for authority to help in-service teachers through graduate instruction
- Collaboration with NDSCS to bring nursing education to Barnes County
- "Success II" project, funded by SBHE, to re-examine structures and initiatives university-wide
- Full-time president to lead strategic initiatives: "The current shared administration with Mayville State University has limited the time that may be necessary for the institution to deal with a fluid, competitive environment." Site visit team report, The Higher Learning Commission, 2001-2002
- One of two pilot sites for ConnectND implementation

Funding and Rewards

- STARS program – to recruit top quality out of state students (see flyer)
- Elementary education at NDSU – about 100 students annually; new tuition-sharing arrangement brings in estimated $70,000+ per year to VCSU
- Significant increase in grant-seeking and grant awards. VCSU has been awarded: Teacher Mentoring, $410,000; Sun Microsystems, $6,724 and $153,000; BRIN, $103,000; Earth Tech, $129,000; EPA, $100,333; ND Dept of Health, $11,960; EERC, $2,000; NDSBHE, $89,000; NDDPI $125,455; NDSBVTE, $19,000; various arts grants, $12,250. Additional proposals sought over $3 million more.
- The Friends of the Presidents House, a local volunteer group with exceptional leadership, has relieved the university of primary responsibility for what could otherwise have become a significant financial and deferred maintenance problem.

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- Energy services program to provide immediate facilities improvements worth $1.1 million that will pay for themselves in utility savings over a 10-year period.
- Full-time president to increase fund-raising: "The demands of private fund-raising will require even more devotion to the particular needs of each institution." Site visit team, The Higher Learning Commission, 2001-2002
- Complete restructuring of the Foundation/Advancement staff with strong presidential leadership
- Complete restructuring of the VCSU Foundation Board to strengthen its mission and membership
- Entrepreneurial unit of VCSU spun off to private enterprise (Kathryn Center for Lifelong Learning is now Corporate Adventures, LLC)

Sustaining the Vision

- Mission, vision, values, and strategic plan are fully consistent with the Roundtable
- "VCSU levels of faculty and staff satisfaction (83%) are higher than the overall NDUS average (75% combined *satisfied* and *very satisfied*). VCSU respondent overall impression of quality ratings (84%) are above the average for NDUS (75% combined *excellent* or *good*). VCSU has the highest rating of the four year campuses for both of these items. These high ratings indicate that a favorable organizational climate is perceived by most survey respondents." Noel-Levitz report on a fall 2002 survey (see flyer)
- Two-thirds of our 2002 graduates are working or furthering their education in North Dakota (see flyer).

Mr. Chairman, I hope this is enough, in your eyes, to validate my conclusion that Valley City State University has made exceptionally strong and consistent contributions to the goals of our state and our university system since we last met. I would be glad to answer any questions, now or later.

Next on our agenda is Bill Ament, comptroller, to discuss budget and capital matters.

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House of Representatives
Appropriations Committee
Education and Environment Division
January 15, 2003

Testimony by:
Anne DeKrey, Student
Valley City State University

Valley City State University Budget Hearing

Good Morning- Mr. Chairman and Other Representatives,

Dr. Chaffee has asked me to speak this morning about my personal experiences at Valley City State University as they relate to the positive results of a student satisfaction survey this fall. My satisfaction and experiences at the University were obviously spectacular as I am here to represent the college...or as I explained it to my parents, I am campaigning for the college. I stated that I needed the experience in campaigning because I will begin campaigning for myself, for a job in May.

As a new student one of the most important things for me and for others is to feel a sense of welcome at the university. The staff has a huge impact on this by being caring and helpful. Students at VCSU were more satisfied with their welcome and the caring they received, than any other students in North Dakota. This feeling may come from a simple act of a caring person: for example in a situation I witnessed a staff member came out from behind their desk and mountain of papers to walk a lost student to a professor's office that is hidden in a little corner of the building. The caring university staff as a whole can be exemplified by the Resident Assistant staff. As a past Resident Assistant with a whole floor full of lost freshmen girls, I gave one very distraught mother my personal phone number so that she could call me to find out how her daughter is doing because she didn't want to bother her daughter, while she was experiencing all these new things.

When students consider colleges another important factor is the institution's reputation within the community. As an incoming student, I soon learned what the town thought of the college and the college kids...they love 'em! During my four years at VCSU, I have collected over a dozen VCSU T-shirts, freely attended numerous events including operas and sledding races and all were received from the college but all the items we made available to us through the community's support. The shirts may say VCSU on the front but the back shows pride in Valley City- they show the logos of Taco John's, Roby's, Subway, Pamida and of course Pizza Corner!

The third most important item for students in the survey was excellent instruction in their field. The Education Department at VCSU is renowned throughout the Midwest for producing the best and brightest educators. Within the past few years the Science Department has received grants to study the invertebrate population and toxicology of the Sheyenne River. And the Business Department continues to find ways to use the computers for presentations to impress the business world. Every faculty member works hard to make their Department one that the entire University can be proud of.

A very important question was presented to students on the survey: asking students to rate adequacy and accessibility of computer labs on their campus. As a VCSU student

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with my own laptop computer- I nearly laughed out loud at this question. I simply could not imagine what it would be like to have to go to an actual computer lab. At other Universities I understand that this must be a very important question but with the 24/7 access to my own computer, I have no complaints. The knowledge I have gained through my constant exposure to the computer has given me superior computer and software knowledge that an in depth computer class could not teach me. In fact a fellow English Education major graduated in December and is now working at a professional computer helpdesk. She did not take any extra computer classes or receive a second degree, she and as well as all the VCSU students have hands-on knowledge of computing that places them at a level above.

VCSU has been a great place for me to live, learn and grow. The community welcomed me, the staff welcomed me and the students welcomed me, but in May I will look ahead to new adventures, because we all understand what an adventure teaching can be. The University has given me the skills to succeed as an educator and I am anxious to begin the next stage of my life. Thank you, Mr. Chairman and fellow Legislators.

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Valley City State University
General Fund Appropriation
2003-05

Hold-even request

	Operations	Capital Impr Extraord Repairs	Major Capital Project	Total
2001-03 approved general fund appropriation	$ 11,325,513	$ 265,334	$ 850,000	$ 12,440,847
Allocation from SBHE pools				
Success II funding	89,000			89,000
Boiler repair		125,000		125,000
Success II implementation funding	40,000			40,000
Allotment	(70,681)	(25,000)		(95,681)
Adjusted general fund appropriation	$ 11,383,832	$ 365,334	$ 850,000	$ 12,599,166
Adjustments to arrive at hold-even request				
Major capital project completed			(850,000)	(850,000)
Major capital project (Graichen)			785,300	785,300
Success II funding	(89,000)			(89,000)
Boiler repair		(125,000)		(125,000)
Allotment	70,681	25,000		95,681
Hold-even budget request	$ 11,365,513	$ 265,334	$ 785,300	$ 12,416,147

Needs based request

Parity	$ 700,433			$ 700,433
Capital improvement/extraordinary repair formula		442,360		442,360
Needs based budget	$ 12,065,946	$ 707,694	$ 785,300	$ 13,558,940

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9/30/03
Date

Valley City State University
Cost to Continue

	General Fund	Tuition	Total
Cost to continue FY 03 salary increases	$ 76,015	$ 32,578	$108,593
Operating inflation of 2.5% per year	108,982	46,707	155,689
Health insurance increase	187,530	80,371	267,901
2003-05 salary increases at 1% Jan 1, 2004 & 2% Jan 1, 2005	82,021	32,153	114,174
Total costs	$ 454,548	$ 191,809	$ 646,357

The general fund portion of the additional costs must be internally funded. To do this it would take a 9.5% increase in tuition each year of the biennium. An additional 4.5% increase per year would be needed to fund the tuition share of the costs. The high tuition increase plus the technology fee for universal laptop computers may impact some students' ability to afford a VCSU education. This may also affect VCSU's competitive position in student recruiting. Ways of reducing the impact on tuition would be to internally reallocate funds, look for other sources of funds and/or evaluate the potential for enrollment increases.

Approximately $240,000 could be internally reallocated with a reduction of 3.0 FTE employees. As the university re-examines its academic portfolio in light of the Success II (May 2002) consultant recommendations, VCSU will need to identify additional ways to do more with less. Preliminary indications are that VCSU may then have to recruit and serve fewer international students, slow our ability to deliver courses online, and provide fewer direct services for regional economic development. VCSU will not proceed with prior plans to offer a B.A.S. (Bachelor of Applied Science) degree. VCSU's ability to implement the curriculum recommendations from the Success II consultants will be compromised.

A 3% increase in enrollment, or 20 full time students per year, will generate an additional $154,000 and allow VCSU to reduce the percentage increase in tuition by 3.4%.

Conservatively we would estimate $25,000 could be available from gift funds or other sources.

Needs-based Budget Request

With a needs-based general fund allocation, tuition increases, and reallocation, VCSU could implement changes based on faculty and State Board review of the Success II report, which contains about 80 recommendations for VCSU. The recommendations include an increased focus on interdisciplinary liberal arts, high academic standards, preparation for graduate study, and undergraduate research. They also address distance delivery, meeting the in-service needs of North Dakota's teachers, enrollment development, and fund-raising. As VCSU deals with a major recommendation to identify a unique niche and focus for the university, discussions are heading in very exciting directions having to do with digital communities, rural revitalization, student entrepreneurship, and similar topics. It will be difficult or impossible to pursue much of this with a hold-even budget.

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Testimony to Senate

Valley City State University
Cost to Continue

House Approved Appropriation	$ 11,144,078		
Cost to Continue Operations	General Fund	Tuition	Total
Restore House reductions	$ 221,435		$ 221,435
Cost to continue FY 03 salary increases	76,015	32,578	108,593
Operating inflation of 2.5% per year	108,982	46,707	155,689
Health insurance increase	187,530	80,371	267,901
	$ 593,962	$ 159,656	$ 753,618
Percent Tuition increase needed	12.1%	3.2%	15.3%

The general fund portion of the additional costs must be internally funded. To do this it would take a 12.1% increase in tuition each year of the biennium. An additional 3.2% increase per year would be needed to fund the tuition share of the costs. The high tuition increase plus the technology fee for universal laptop computers may impact some students' ability to afford a VCSU education. This may also affect VCSU's competitive position in student recruiting. Ways of reducing the impact on tuition would be to internally reallocate funds, look for other sources of funds and/or evaluate the potential for enrollment increases.

Approximately $80,000 could be internally reallocated for every 1 FTE employee reduction. As the university re-examines its academic portfolio in light of the Success II (May 2002) consultant recommendations, VCSU will need to identify additional ways to do more with less. Preliminary indications are that VCSU may then have to recruit and serve fewer international students, slow our ability to deliver courses online, and provide fewer direct services for regional economic development. VCSU will not proceed with prior plans to offer a B.A.S. (Bachelor of Applied Science) degree. VCSU's ability to implement the curriculum recommendations from the Success II consultants will be compromised.

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Valley City State University
Major Capital Projects and Capital Improvements/Extraordinary Repairs
2001-03

Major Capital Project		
Coal boiler repair		$ 850,000
Capital Improvements/Extraordinary Repairs		
Specials	$ 34,000	
Classroom and office renovations	70,698	
Sidewalk repair	8,636	
Field house water tank replacement	20,000	
Emergency electrical service	42,400	
Field house roof repair	20,000	
Vangstad roof repair	24,600	
ADA projects	20,000	
Gas boiler repair	125,000	
Total		$ 365,334
Grand Total		$ 1,215,334

The major capital project in 2001-2003 was the repair and upgrading of the existing coal boiler that was originally installed in 1962. The project consisted of the installation of new coal conveyors, stokers, ash removal system, boiler control panel, and required stack gas cleaning equipment. The completion of this project will allow VCSU to continue to use North Dakota coal as a fuel source.

The capital improvements/extraordinary repairs included paying special assessments, renovation and upgrading of classrooms and offices, repairing roofs, major repairs and ADA projects. The ADA projects included the installation of door openers, elevator renovations and concrete work to improve building accessibility

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Valley City State University
Major Capital Projects and Capital Improvements/Extraordinary Repairs
2003-05 Request

Major Capital Project	
Graichen Gymnasium elevator & emergency exits	$ 785,300
Capital Improvements/Extraordinary Repairs	
Specials, classroom and office renovations, ADA improvements, roof repair, and other major repairs.	265,334
Total Hold-even budget	$ 1,050,634
Needs based budget	442,360
Total needs based budget	$ 1,492,994

Graichen Gymnasium Project

The major capital project is for the addition of an elevator and emergency exits to Graichen Gymnasium. Graichen Gymnasium is located in the heart of campus, and is a primary academic / administration building. Constructed in 1923, the building consists of a lower level that provides office space for faculty, an administrative assistant and the college nurse, and classroom and locker room space. The upper level consists of an arena for a variety of activities including: team sport practices, academic instruction, and varsity and intramural contests. Neither level of the building is at ground level.

The egress system for Graichen Gymnasium is in need of upgrading. There is only one set of stairs leading to/from the lower level. In an emergency where the stair well is impassable, the only means of exiting the building is through a window. The upper level does have a second exit at the south end of the building. Currently the building is not handicapped accessible at either level. Health & life safety upgrades are also needed in the lower level to improve safety, and the work and learning environment for building occupants.

The proposed project would add an elevator and second stair well to the south end of the building providing an emergency egress and making both levels handicapped accessible. The project would also improve air quality by upgrading the lower level ventilation system. Fire safety would be improved by upgrading the lower level corridor, and classroom and office doors.

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Capital Improvements/Extraordinary Repairs

The capital improvement/extraordinary repair funding will be used to pay specials, repair roofs, ADA projects, and other major repair projects.

The $442,360 in the needs based budget is added to the capital improvement/extraordinary repairs. This is the amount needed to meet the goal of the NDUS to reach 100% of OMB building and infrastructure formula phased in over 10 years and 100% of outstanding deferred maintenance phased in over 14 years.

Residence Hall Renovations

This project would be funded by revenue bonds, which will be paid from rates charged to residents of the dormitory. The project consists of the renovation of Kolstoe Hall, which was built in 1967. As with all current VCSU residence halls, Kolstoe Hall is a traditional residence hall with double corridors, two person rooms and group bathrooms. The project, which is a part of the VCSU Master Plan, calls for the conversion of the current rooms into suites. Each suite is designed to house four students who will share two bedrooms, two baths and a living room. Included in the project is a new elevator and sprinkler system, which resolve ADA and fire safety requirements. The addition of air conditioning will provide an attractive summer conference site.

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9/30/03
Date

Senate Appropriations Committee
February 28, 2003

Testimony by:
Anne DeKrey, Student
Valley City State University

Valley City State University Budget Hearing

Good Morning- Mr. Chairman and Other Representatives,

Dr. Chaffee has asked me to write about my personal experiences at Valley City State University as they relate to the positive results of a student satisfaction survey this fall. My satisfaction and experiences at the University have been obviously spectacular.

As a new student one of the most important things for me and for others is to feel a sense of welcome at the university. The staff has a huge impact on this by being caring and helpful. Students at VCSU were more satisfied with their welcome and the caring they received, than any other students in North Dakota. This feeling may come from a simple act of a caring person: for example in a situation I witnessed a staff member came out from behind their desk and a mountain of papers to walk a lost student to a professor's office that is hidden in a little corner of the building. The caring university staff as a whole can be exemplified by the Resident Assistant staff. As a past Resident Assistant with a whole floor full of lost freshmen girls, I gave one very distraught mother my personal phone number so that she could call me to find out how her daughter is doing because she didn't want to bother her daughter, while she was experiencing all these new things.

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A very important question was presented to students on the survey: asking students to rate adequacy and accessibility of computer labs on their campus. As a VCSU student with my own laptop computer- I nearly laughed out loud at this question. I simply could not imagine what it would be like to have to go to an actual computer lab. At other Universities I understand that this must be a very important question but with the 24/7 access to my own computer, I have no complaints. The knowledge I have gained through my constant exposure to the computer has given me superior computer and software knowledge that an

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9/30/03
Date

From One Era to the Next:
MSU and VCSU Presidencies Restored, New Focus Emerging
July 2002

"Do you live in Mayville or Valley City?"
"Yes."

"The reason two people used to have this job is that it is just too much fun for one person."

President Ellen Chaffee will not be making those comments any more. For the last nine years, Chaffee has served both VCSU and Mayville State, spending a week at a time at each campus. Soon, she will be the full-time president of VCSU, and Mayville State will be on its way to having its own full-time president. During the coming year, campus and community leaders will be considering additional major changes from a set of 97 consultant recommendations. Exciting things are happening!

<u>How Did We Get Here?</u>

In 1989, the public soundly rejected a legislatively enacted tax increase, sending a stern message to all government-supported activities. In 1990, the State Board of Higher Education created the North Dakota University System. In 1991, the Board asked then-Chancellor Treadway to propose additional changes that would respond to the public's concerns. After study, he proposed two administrative restructurings -- one involving NDSCS and NDSU, the other Mayville State and VCSU. In the end, over strong local objections, the Board's only action was to replace the two MSU and VCSU presidents with one president for both. Ellen Chaffee took office in 1993.

During the nine years since that time, the two campuses have shared from four to nine administrators. All were volunteers; none was paid extra. Currently, the shared officers in addition to the president are Vice President for Business Affairs Steve Bensen, Comptroller Bill Ament, and Director of Financial Aid Betty Schumacher. Along with President Chaffee, these three have served both campuses for the entire period.

During the nine years, both institutions made major changes in the teaching and learning process by equipping everyone with the latest technologies, became more active in delivering instruction to off-campus locations, developed a limited number of new programs, established new ventures in partnership with their communities, became more directly involved with regional economic development, and enhanced their capacity for private fund-raising. This has been a period of organizational transformation and reaching out for new kinds of students.

<u>Why Are We Changing Now?</u>

New conditions call for new decisions. A statewide panel called the Roundtable issued a report in May 2000 that set forth six cornerstones for higher education in the state: economic development, educational excellence, flexibility and responsiveness, access, funding and rewards, and sustaining the vision. The report has become central to decision-making statewide. It notes or creates changes such as these:

- Declining youth population in North Dakota
- Increased emphasis on higher education for economic development
- Increased managerial flexibility with significant accountability expectations
- New funding model with new management incentives
- Increased need and expectation for institutional entrepreneurship
- Increased need and expectation for private fund-raising
- Increased authority to pursue diverse pricing options and strategies
- Increased opportunity to deliver education at a distance
- Increased opportunity to serve students from out of state
- Increased opportunity to serve students from other nations
- Transition to and implementation of a new administrative computing system statewide

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- Increased need and expectation to secure significant grant funding
- Increased need and expectation for partnerships with other colleges and universities
- Increased need and expectation for partnerships with business and industry
- Increased flexibility for curricular offerings, training, and other services

In that context, President Chaffee and her executive team requested special state funding for a study that would help the universities to rapidly, effectively address these changes. After three months of study, a team of seven national consultants issued a report known as "Success II," for its focus on how the universities can best recreate the levels of success they have known in the past as they address these new challenges.

What Are We Going To Do?

The report has 89 pages and 97 recommendations, but they all boil down to three main themes, as this quote from consultant Tom Triplett notes:

> 1. **Distinctive curricular focuses.** We recommend a strong effort at curricular focus and differentiation. Academic programs that attract few students should be eliminated or consolidated at one of the universities. Mayville State should distinguish itself with a focused professional preparation identity that is directly linked to areas of career opportunity and economic development needs of the state. Valley City State should distinguish itself as a superior small liberal arts college with an emphasis on teacher and business preparation and a range of interdisciplinary liberal arts programs.
>
> 2. **Financial strength and self-reliance.** Given the uncertainties of the state's economy, the universities cannot rely on continued increases in state funding. They must become more entrepreneurial and self-reliant with new initiatives for enrollment growth, tuition increases to better reflect the value of education at the universities, and fundraising from private donors and institutional givers.
>
> 3. **Separate presidencies.** As the universities become less similar to each other and as the expectations for entrepreneurial revenue generation intensify, it will be impossible for one president to serve both. We therefore recommend that both universities have their own president and that Dr. Chaffee be invited to serve as one of those presidents.

The State Board of Higher Education unanimously approved restoring both presidencies at its June 20, 2002 meeting. They invited Ellen Chaffee to continue as president at VCSU. An interim president will be named for Mayville State by September 1, 2002, and the search for a permanent president there will take place during the academic year. The Board also allocated $225,000 in contingency funding to pay the salary of a second president for 2002-03 and to help with new initiatives in marketing and fund-raising on both campuses.

"During this academic year, both presidents will focus heavily on enrollment development and fund-raising," said Chaffee. "These initiatives may well take the presidents off campus quite a bit. Meanwhile, leaders on the campuses will discuss and make decisions about the consultants' curriculum recommendations. By March 31, 2003, we are to report to the Board on our progress."

Consensus on both campuses and in both communities is that this is a very positive step forward. The change enables each university to link itself more extensively with various partners and seek new sources of revenue to replace shrinking state resources. It provides greater presidential leadership for entrepreneurial activities that can pay off in students and revenues.

As for the curriculum recommendations, initial conversations indicate serious interest in considering the recommendations, but wholesale adoption is not likely. As the faculty and their committees come to grips with these ideas, they are also likely to raise a few ideas of their own. This kind of activity is very good for a university, bringing fresh perspectives and renewed enthusiasm. "Watch this space!" More exciting news is in the works.

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A Vital Channel for Youth in North Dakota

January 13, 2002

Ellen-Earle Chaffee, President
Valley City State University

A stranger nudged me as we sat in the audience at a legislative hearing last week.

"Aren't you from Valley City? That's where my son Chris wants to go to school. He's only a freshman, but he really wants to teach and coach. He just loves kids, and we know who graduates the best teachers. Besides, I just would not allow him to go to a big school. I am opposed in principle to a university where you have to show a picture ID before you can take a test. I went to a university like that. Classes of 400, professors who had no idea who was who. It will never happen to my son," she declared.

What a rush! This one goes in my "great stories" file. And she is so right. I told her that I have a long speech about who does better at small schools, and the bottom line is this: everybody does better in small schools. She agreed.

Her son can expect to reach his goals through VCSU, according to our latest report from Marcia Foss, career services director.

For the class of 2002, 96 percent of the teaching graduates and 88 percent of the non-teaching graduates have jobs or are continuing their education. Of these, 62 percent of the teaching graduates and74 percent of the non-teaching graduates are in North Dakota, for an overall North Dakota retention rate of nearly two-thirds. In other words, VCSU helped 112 young people stay in North Dakota this past year to launch their professional careers.

Many of these young people grew up here, of course, but many others did not. I told a campus colleague about a legislator who complained last week about the cost of educating out-of-state students. His instant response: "Have him call the superintendent in Napoleon and ask what he thinks of our graduate from Canada they hired this fall."

At the basketball game this weekend, I met Terry, an alumnus from the early 1980s who teaches in Fargo. He came to VCSU "on a lark" as a transfer student from Wisconsin with two buddies and the childhood friend whom he later married. He never intended to stay in the state, but was offered a job and taught here in town after graduation until state cutbacks in 1989 caused him to be laid off. He was headed back to Wisconsin then, but another VCSU alumnus hired him in Fargo for a year until he was able to sign on as a teacher there. Eighteen years later, he, his wife, and their children are still in the state.

A strong, accessible higher education system keeps many young people here, like Chris, who would otherwise go out of state for college. That gives us a better opportunity to keep them here after graduation, too. We also attract bright young people from other states and, according to a state study, about one-third of them remain in the state after graduation, like Terry. These are vital contributions to "saving North Dakota."

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CAMPUS ENROLLMENT GOALS

Valley City State University – Rationale

December 2002

Given the current North Dakota demographic situation, Valley City State University has approached its enrollment goals from a number of directions. Through efforts in the recruitment, enrollment, and retention of traditional on-campus students from North Dakota, other states and countries; non-traditional residential students from the surrounding region, as well as students from a distance, we believe we will reach the goals outlined in the quantitative table submitted as part of the Campus Enrollment Goals section of the Enrollment Management/Service Plan.

On-campus traditional students have long been a cornerstone of VCSU. We will continue to serve that population, whether they are from North Dakota or outside of the state. We are projecting minimal gains in our In-state headcount. The bulk of our projected increases in student enrollment will come from out-of-state and international students. Through our STARS (Student Talent and Academic Recognition Scholarship) Program, we believe we can make our VCSU experience financially attractive to students from outside of North Dakota. We ultimately believe that a number of them will stay in ND to help create an improved economy and state.

Students served by VCSU at a distance will also be an important part of our enrollment plan. Through the delivery of programs, both face to face and electronic, we will help to ensure access for students across the state, region, and nation.

Finally, non-traditional student numbers will see modest gains. With 'No Child Left Behind' legislation and the continued need of adult learners to be trained and retrained, this segment of students will continue to be an important market for VCSU to serve.

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Highest Satisfaction – And Aiming Higher

January 12, 2003

Ellen-Earle Chaffee, President
Valley City State University

Faculty and staff rated Valley City State University on eight key quality dimensions last fall, and they rated the university higher than the national average for four-year institutions on all eight, and higher than the NDUS average for four-year institutions on all except for one tie score.

The testing company stated in its final report that, "VCSU levels of satisfaction (83%) are higher than the overall NDUS average (75% combined *satisfied* and *very satisfied*). VCSU respondent overall impression of quality ratings (84%) are above the average NDUS (75% combined *excellent* or *good*). VCSU has the highest rating of the four year campuses for both of these items. These high ratings indicate that a favorable organizational climate is perceived by most survey respondents."

VCSU scores were highest on customer focus (highest, at 3.54 on a 5-point scale), measurement and analysis, and strategic quality planning. The lowest scores – but still at or above national and state averages – were for employee training and recognition (lowest, at 3.21), quality assurance (tie with NDUS score), and quality and productivity improvement results. In the mid-range were top management leadership and support and employee empowerment and teamwork.

The report noted that there is general support at VCSU for continuous quality improvement and the use of teams. Employee rewards/recognition, communication, and customer service training stand out as areas for further work. The report recommended commending personnel in the following areas for their commitment to providing quality services: switchboard and telephone services; payroll services; business services; media, audio visual, and technology services; and student activities.

The report recommended that the university work on improving communication among departments; research and planning services; marketing, advertising, and public relations; and basic skills and developmental programs.

The Executive Team is planning activities throughout spring semester to celebrate the outstanding results of both this survey and the student survey. In addition, the Executive Team welcomes and will be soliciting recommendations on next steps toward even better results in the future.

A total of 87 people completed the survey, including 34 support staff, 32 faculty and department chairs, and 21 administrative/professional staff. The complete report is extremely long. Individuals or groups who wish to understand the results in further detail are encouraged to contact Glen Schmalz.

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Students Give VCSU an A+ Grade

December 23, 2002

Ellen-Earle Chaffee, President
Valley City State University

We got a fantastic holiday present from our students last week in the form of results from a survey they completed last fall. The study showed that students at Valley City State University want the same things from their university as students at other four-year colleges. The difference is that at VCSU they are more likely to get what they want.

The North Dakota University System selected the Noel-Levitz Student Satisfaction Inventory as the best available tool to assess student satisfaction as part of a legislatively mandated accountability system. All NDUS campuses administered the survey in fall 2002. Individual questions are clustered to form 11 scales: academic advising, campus climate, campus life, campus support services, concern for the individual, instructional effectiveness, recruitment and financial aid, registration effectiveness, safety and security, service excellence, and student centeredness.

Nearly 400 VCSU students completed the 115- item questionnaire to measure their satisfaction with the university on these 11 key services. On all 11 scales, students at VCSU were significantly more satisfied than the average for students at other four-year colleges both in the state and nationwide.

This has to be our crowning glory. In the last year we have won several state and national awards and received the official seal of approval from three accrediting agencies. But at the end of the day, what really matters is what students think. This strong positive affirmation from the students of VCSU validates all the other honors.

Glen Schmalz, vice president for student affairs, analyzed the results to determine what areas we need to target in order to increase student satisfaction. At VCSU, as at most universities, students' top priority for improvement is parking. A new lot is scheduled for use by next fall.

Their next priority is financial aid. This is a major issue not only for students but also for the university. Federal and state aid funds are not increasing, while tuition must increase to cover shortfalls in state funding. My recent appointment to serve only VCSU came with a mandate for private fund-raising, and scholarship aid for students is my top priority.

About a decade ago, students often looked first at campus size when they chose VCSU. Times have changed. At the top of their list this year were cost and financial aid, confirming the importance of making college affordable. Academic reputation also outranked size as a drawing card for VCSU this time. This is an very positive result, showing that students recognize and appreciate the university's focus on quality.

Students gave their highest satisfaction ratings to campus safety, reputation in the community, campus maintenance, caring and helpful staff members, knowledgeable faculty, intramural activities, student center, and welcoming atmosphere. These results pay tribute to the exceptional faculty and staff at VCSU. Thank you all.

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Program lets VCSU students bring technology to classrooms

By Mike Nowatzki
mnowatzki@forumcomm.com

Kim Belgarde got a much later jump into the world of classroom technology than her students.

"I didn't start computers until I was a sophomore in college," said the fifth-grade teacher at Madison Elementary School in Fargo. "I've gone to a lot of computer camps."

With the help of a grant-funded program at Valley City (N.D.) State University, teachers such as Belgarde are using software-savvy college students to engage their pupils in more technology-based learning projects.

VCSU was recently awarded 250 software licenses worth about $500,000 as part of a grant from Microsoft Corp. and the American Association of Colleges for Teacher Education.

VCSU is one of 56 colleges nationwide to receive the Innovative Teachers Program grant.

Elementary education majors will learn the software, then apply that knowledge to create computer-based learning projects for their teacher-mentors.

"We work on the ideas together, and the kids just love it," Belgarde said.

All full-time VCSU students are issued a laptop computer, making them ideal for a program that combines computers and education, education professor Gary Thompson said.

"We want to use our students as a tool, because they are pretty good at picking up software," he said.

Last fall, senior Eric Olson designed a project in which Belgarde's students used a digital camera and a computer program to make their own baseball cards.

"If I were back in elementary, I guess I would really enjoy doing that," said Olson, a native of Maddock, N.D.

The Microsoft grant will be used in conjunction with a $430,000 grant from the federal program, Preparing Tomorrow's Teachers to use Technology.

The program is a partnership between VCSU's Division of Education, Psychology and Technology; Valley City Public Schools; St. Catherine's Elementary School in Valley City; and Madison Elementary.

The Fargo site was included because elementary ed majors at North Dakota State University take their core classes from VCSU professors who travel to Fargo twice a week.

Madison Elementary Principal Chris Triggs said computer training is something many teachers want, and working with college students can speed along the process.

"It's just so easy for them," he said.

The Innovative Teachers Program also allows teachers to share their technology-rich projects online.

The program has worked well for students and teachers alike.

"It's been a good partnership," Thompson said.

Readers can reach Forum reporter Mike Nowatzki at (701) 241-5528

Forum 2/22/03

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ANALYSIS OF 2003-05 BUDGET/ [illegible] TCOMES AS OF 2/25/03

University operations budget only - excludes repairs and capital projects

GENERAL FUNDS SHARE (70%)

01-03 operations	$ 11,365,513		
House Approved (Level I)	$ 11,144,078	-1.95%	over 01-03
Restore Gov Budget(Level II)	$ 221,435		
Basic, GF share only:			
continue 2003 salary increases	$ 76,015		
2.5% operating inflation/year	108,982		
health insurance increase	187,530		
Basic, GF, (Level III)	$ 372,527		
2% salary increases on time	239,778		
Needs, 2% salary increase (Level IV)	$ 612,305		
Other Critical Needs (Level V)	$ 262,500		
3% salary increases on time	$ 119,890	(plus 239,778, above)	
Needs, 3% salary increase (Level IV)	$994,695		
Needs 03-05 operations (Level IV)	12,360,208	8.75%	over 01-03

Summary of Levels, GF operations only:		SHORTFALL
I - House cuts to Gov's Level II ("cellar")	$ 11,144,078	$ (1,216,130)
II - Gov	$ 11,365,513	$ (994,695)
III - Basic, no salary increase	$ 11,738,040	$ (622,168)
IV - Needs, 2% salary	$ 11,977,818	$ (382,390)
V Other Critical Needs	$ 12,240,318	$ (119,890)
VI - Needs, 3% salary	$ 12,360,208	$ -

TUITION SHARE (30%)

01-03 tuition	$3,764,800	
03-05 tuition, flat	$3,764,800	0% increase
Basic, GF share only:		
continue 2003 salary increases	$ 32,578	
2.5% operating inflation/year	46,707	
health insurance increase	80,370	
Basic, GF, (Level III)	$ 159,655	
2% salary increases on time	$ 102,762	
Needs, 2% salary increase (Level IV)	$ 262,417	
Other Critical Needs (Level V)	$ 112,500	
3% salary increases on time	$ 51,381	
Needs, 3% salary increase (Level IV)	$ 365,179	
Needs 03-05 operations (Level IV)	4,078,598	

ASSUME tuition covers GF and tuition shares

		Gap	
I to II House to Gov	$ 221,435	128/year	5.8%/year
I to III. Basic no salary increase	$ 753,617	337/year	15.3%/year
I to IV. House to 2% salaries	$ 1,096,157	470/year	21.4%/year
I to V. House to Other Critical Needs	$ 1,471,124	620/year	28.2%/year
I to VI. House to 3% salaries	$ 1,642,395	686/year	31.2%/year

ALTERNATIVES:
- cut equipment, travel, phone, etc.
- increase enrollment 20/year $154.000
- Internal reallocation: One FTE = $80,000

quick facts

valley city state university

admission requirements

We're excited to connect with you, but in order for that to happen, there are certain requirements that must be met. To be considered eligible for admission, all beginning freshmen applicants who are under the age of 23 are required to have completed the following high school curriculum:

4 units of English
3 units of Mathematics, Algebra I and above
3 units of Laboratory Science
3 units of Social Studies

For complete details contact the Office of Enrollment Services or your high school guidance counselor.

high-tech learning

As one of our more than 1000 students, you'll get the latest in learning technology when you receive an IBM 1370 ThinkPad computer, so you can connect with other students, your professors, friends and family. Few campuses in the country provide technological resources like this to all of their students. There's no waiting for a computer lab to open up or for your roommate to finish with the computer because with your six-pound notebook computer you can connect to the world—anytime, anywhere—by pulling up to any of the 2000 Internet connections on campus.

IBM 1370 ThinkPad Specs

550 MHz Celeron processors	Integrated Ethernet port
13.3 inch TFT XGA display	24X - 10X CD-ROM
192 MB RAM	Integrated 56K modem

Your technical learning experience won't just be limited to your notebook computer, because you and your instructors will experience real-time connections to the world in our 'smart classrooms.' Each room provides electrical and network connections and large screens for students and faculty to project video and data information. Electronic keyboards, digital cameras, CD-ROM burners and much more, are available to you.

campus visits

A great way to connect with Valley City State University is to come for a campus visit. We'll have a student show you around campus and provide answers to questions about student life, studying, and whatever else you want to know. We can also arrange a visit with a professor in your academic area, and if you want to sit in on a class, we'll arrange that too. Our office is open Monday through Friday, 7:45 a.m. - 4:30 p.m.

If you can't make it during the week, three Saturday visits have been scheduled this year:

October 19, 2002

November 16, 2002

February 15, 2003

Give the Office of Enrollment Services a call to schedule a visit and connect with VCSU.

scholarships

Numerous s holarships are available to new and returning students each year. Freshman academic scholarships are based on the student's grade point average, class rank, and ACT or SAT scores. New transfer academic scholarships are based on the student's GPA earned at the previously attended institution. Scholarship amounts range from $200 to $8000. New students should apply for scholarships through the Office of Enrollment Services. Because scholarships are very competitive, you should apply by February 1st to receive priority consideration. If you're interested in athletic or fine arts scholarships, contact those departments directly.

financial aid

Over 80% of Valley City State University students qualify for financial aid each year. To begin the process, complete the Free Application for Federal Student Aid (FAFSA), available from VCSU's Office of Financial Aid or your high school guidance office. For more information, contact the Office of Financial Aid at 1-800-532-8641.

Our graduates are recognized time and again for their professional abilities throughout the state & nation. In fact, for 2003, U.S. News & World Report ranked us as one of the top two public liberal arts colleges in the Midwest, and for the last four years the magazine ranked us as one of the top three. We've also been ranked the seventh most wired campus in the country by Yahoo Internet Life.

U.S.News 1999 BEST COLLEGE
U.S.News 2000 BEST COLLEGE
U.S.News 2001 BEST COLLEGE
U.S.News 2002 BEST COLLEGE
U.S.News 2003 BEST COLLEGE

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The following are the costs associated with investing in your future at Valley City State University. These costs are outlined by your state of residency.

North Dakota Resident
Tuition & Fees:
Technology Fee:
Room & Board:

Total:

Minnesota Reciprocity
Tuition & Fees:
Technology Fee:
Room & Board:

Total:

Montana, South Dakota, Manitoba, Saskatchewan, and WICHE - AK, HI, NM, NV Resident
Tuition & Fees:
Technology Fee:
Room & Board:

Total:

WUE - AK, AZ, CA, CO, HI, ID, MN, NV, OR, UT, WA & WY Resident
Tuition & Fees:
Technology Fee:
Room & Board:

Total:

Out-of-State/International Resident
Tuition & Fees:
Technology Fee:
Room & Board:

Total:

Books & Supplies:
Personal Expenses:

fields and programs of study

Valley City State University offers majors, minors, concentrations, and endorsements in the following fields of study.

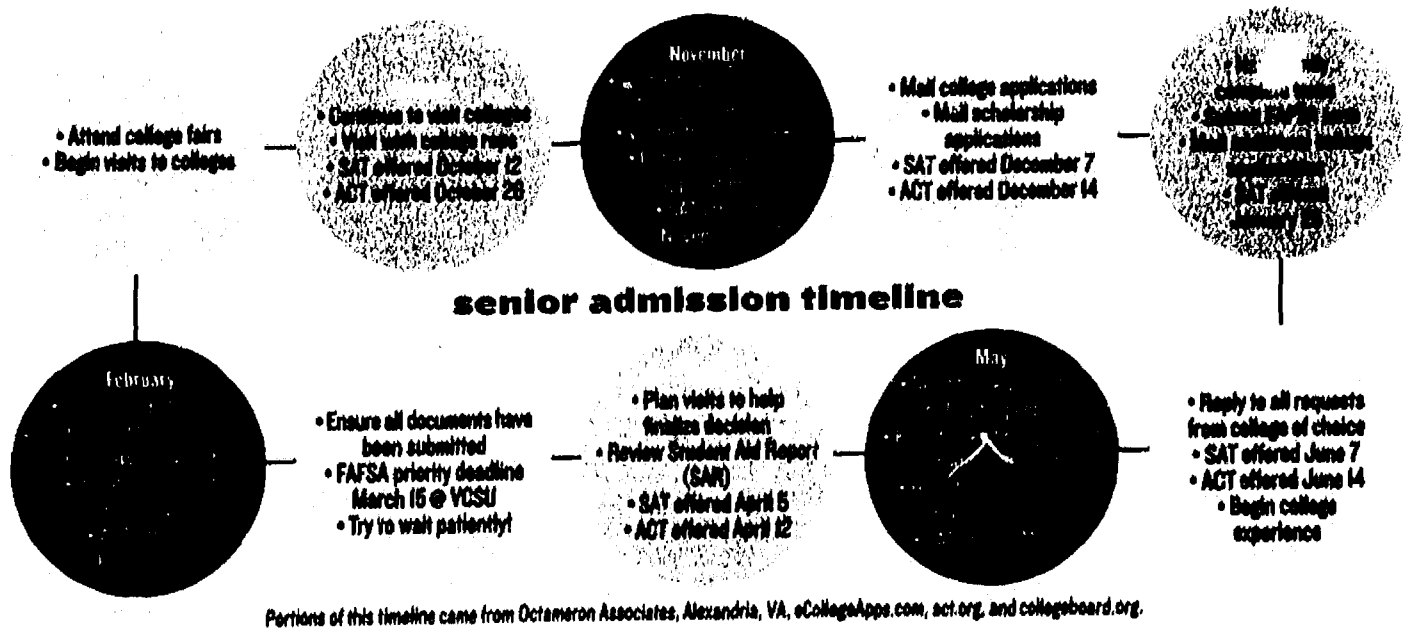
M = major
m = minor
c = concentration
e = endorsement

- c Accounting/Management Information Systems
- c Accounting
- Mm Art
- M Art Education
- m Athletic Coaching
- Mm Biology
- M Biology Education
- M Business Administration
- m Business
- M Business Education
- m Business Software Applications
- Mm Chemistry
- M Chemistry Education
- M Computer Information Systems
- m Computer Science
- m Corporate Training
- m Early Childhood Education
- m Earth & Environmental Science
- M Elementary Education
- Mm English
- M English Education
- e ESL Endorsement
- M Exercise Science & Leisure Studies
- c Finance
- m Fine Arts
- m Geography
- Mm Health Education
- Mm History
- M History Education
- Mm Human Resources
- Mm Instructional Technology
- m Library Media & Information Science
- c Management
- c Marketing
- Mm Mathematics
- Mm Mathematics Education
- Mm Music
- M Music Education
- m Musical/Theatrical Production
- c Networking
- Mm Office Management
- Mm Physical Education
- m Physics
- m Piano Pedagogy
- Mm Psychology
- m Reading – Elementary & Secondary
- m Recreation
- M Science
- M Social Science
- M Social Science Education
- m Sociology
- Mm Spanish
- M Spanish Education
- m Speech/Communication/ Theatre Arts
- c Sport & Leisure Management
- c Sport & Wellness Studies
- Mm Technology Education
- M University Studies
- M Vocational & Technical Education

Pre-Professional
- Pre-Engineering
- Pre-Medicine
- Pre-Dentistry
- Pre-Nursing
- Pre-Physical Therapy
- Pre-Veterinary Medicine
- Pre-Pharmacy
- Pre-Chiropractic
- Pre-Law
- Pre-Medical Technology
- Pre-Mortuary Science
- Pre-Optometry
- Pre-Social Work
- Pre-Occupational Therapy

Other Programs
- Business Information & Technology Certificate
- Microsoft Great Plains Internship

senior admission timeline



Portions of this timeline came from Octameron Associates, Alexandria, VA, eCollegeApps.com, act.org, and collegeboard.org.

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Discover
the
VALLEY CITY STATE UNIVERSITY

STARS Program

Student Talent and Academic Recognition Scholarship

STARS Program RECOGNIZES YOUR SUCCESS Valley City State University is excited to provide a program developed to reward students who have excelled in and outside of the classroom. The VCSU Student Talent and Academic Recognition Scholarship (STARS) Program provides generous scholarships to students who can contribute their academic and extra-curricular talents to VCSU.

UP TO $14,000, FREE! You may be eligible for up to $3500 per year while attending Valley City State University. That totals $14,000 over four years! The amount awarded will depend on a combination of your GPA and ACT or SAT score:

Freshman Applicants	
ACT of 25 or higher (1130 SAT) GPA of 3.5 or higher	$3500
ACT of 23 or higher (1050 SAT) GPA of 3.25 or higher	$3000
ACT of 18 or higher (850 SAT) GPA of 2.75 or higher	$2500
ACT of 17 or lower (840 SAT) GPA of less than 2.75 (Students in this category must provide a letter of recommendation from a music teacher, athletic coach, student organization advisor, church leader, or other supervisor)	$2000

Transfer Applicants	
3.5 or higher Cumulative GPA	$3500
3.25 or higher Cumulative GPA	$3000
2.75 or higher Cumulative GPA	$2500
2.74 or lower Cumulative GPA (Students in this category must provide a letter of recommendation from a music teacher, athletic coach, student organization advisor, church leader, or other supervisor)	$2000

WHAT STATE ARE YOU FROM? You may qualify if you're from Alabama, Arkansas, Connecticut, Delaware, District of Columbia, Florida, Georgia, Illinois, Indiana, Iowa, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Mississippi, New Hampshire, New Jersey, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Vermont, Virginia, West Virginia, Wisconsin, US territories, and other countries. Students from other states may qualify for other VCSU scholarship opportunities.

APPLYING IS SIMPLE All you need to do to apply for the STARS Program is complete the VCSU Scholarship application. This form is available in paper form in the Application Procedures booklet, online at www.vcsu.edu/enrollmentservices/scholarapp.htm, or on the CD-ROM. Contact the Office of Enrollment Services for complete details.

Valley City State University, 101 College Street SW, Valley City, ND 58072
www.vcsu.edu 1-800-532-8641 enrollment_services@mail.vcsu.nodak.edu

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Valley City State University

Mission Statement

Valley City State University is a learner centered community dedicated to continuing improvement in meeting student needs. Preparing individuals to serve in a changing world, the institution provides a quality educational experience in an innovative culture and a technologically enhanced environment.

A leader in the effective use of instructional technologies, Valley City State University is a member of the North Dakota University System and offers baccalaureate degrees in education, business, and the liberal arts.

Values

The university is **learner-centered.**
The university believes in **teamwork.**
The university is **involved in the local community.**
The university pursues **continuous improvement.**
The university focuses on **results.**

Core Factors of Success

Willingness to embrace change
Innovation
Flexible work environment
Quality is important
Student centered
Atmosphere of community
Dedicated, caring staff, faculty, and students

Team Guidelines

Learn.
We are all students throughout life. Always strive to do better.

Support learning.
Help each other learn by encouraging curiosity, reflective thinking, good time management, and other skills.

Delight the people you serve.
Exceed customer expectations. Give people better service than they expect.

Be kind.
Be direct without being mean. Give people the benefit of the doubt. Such behaviors replace rumor, criticism, and other negative messages.

Help each other.
Tools, tasks, deadlines, projects go much better with help.

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Be on time and prepared.
Time is the university's primary resource – your time, and that of those who are depending on you.

Seek diversity.
No one person has all the right answers. Seeking other ways and respecting other points of view usually leads to the best answers. Ask, listen, and learn.

Work hard.
Hard work, like exercise, feels really good. It builds productivity and pride. It makes leisure time all the more enjoyable.

Have fun.
Hard work is often more productive when it is also fun. Seek the fun and enjoyment in the work you do. Take time to celebrate.

Current Year Goals

Objective ED3: To assist small regional communities with their economic development and technology enhancement efforts (new)

Objective ED4: To explore and develop joint grant opportunities between VCSU, VCBCDC, Valley City and Barnes County.

Objective EE5: To increase campus cultural diversity through supportive programs and services, plus recruitment efforts and effective use of Cultural Diversity and International Student waivers.

Objective FL1: To develop and pursue a highly innovative and effective campaign to increase the number of out-of-state and international students while maintaining in-state market share, to the extent that funding will allow.

Objective FL8: To develop the plans and pursue the resources necessary to modernize campus housing.

Objective AS3: To develop formal articulation agreements with North Dakota tribal colleges and NDUS two-year colleges.

Objective AS5: To increase the university's image and visibility through greater investment in marketing and public relations.

Objective FR1: To increase faculty/staff professional development opportunities and salary levels at the greatest rate that resource availability and competing priorities will allow.

Objective FR2: To increase diverse, non-state fund-raising solicitations, beginning with a restructuring of the relevant staff and volunteer groups.

Objective SV3: To increase university progress by regularly tracking all major accountability and dashboard indicators.

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9/30/03
Date

Prepared by the North Dakota Legislative Council
staff for House Appropriations
January 13, 2003

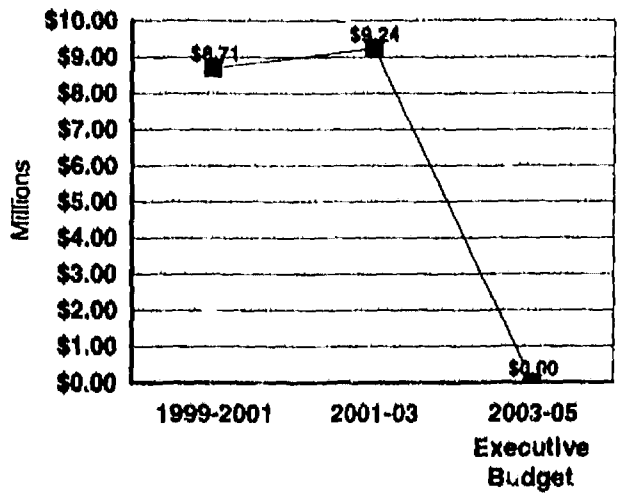
Department 240 - Mayville State University
House Bill No. 1003

	FTE Positions	General Fund	Other Funds	Total
2003-05 Executive Budget	0.00	$0	$0	$0
2001-03 Legislative Appropriations	81.47	9,240,337[1]	4,000,000	13,240,337[2]
Increase (Decrease)	(81.47)	($9,240,337)	($4,000,000)	($13,240,337)

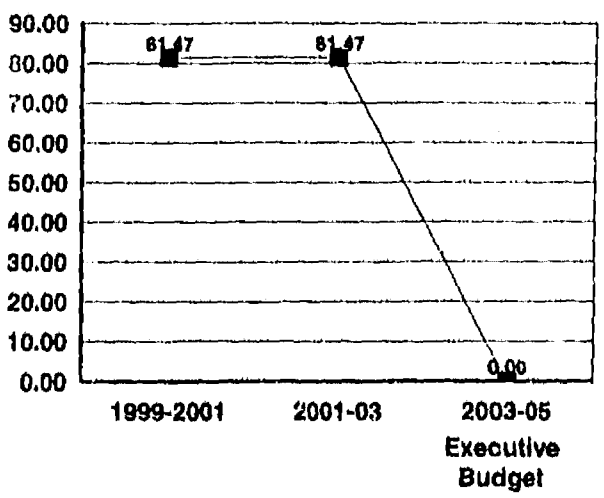
[1] The 2001-03 general fund appropriation is the amount appropriated by the 2001 Legislative Assembly and does not include a reduction of $95,081 relating to the 1.05 percent budget allotment ordered by Governor Hoeven in July 2002.

[2] The 2001-03 appropriation amounts include general fund allocations of $125,000 from the board initiatives funding and $60,000 from the contingency and capital improvement funding appropriated to the University System.

Agency Funding - General Fund



FTE Positions



Executive Budget Highlights

	General Fund	Other Funds	Total
1. Consolidates funding for all higher education institutions into the University System office budget	($9,240,337)	($4,000,000)	($13,240,337)

Major Related Legislation

House Bill No. 1039 - Special funds continuing appropriation - This bill provides for the continuation of the continuing appropriation of higher education institutions' special revenue funds, including tuition.

House Bill No. 1040 - Unspent general fund appropriations - This bill provides for the continuation of the University System's authority to carry over at the end of the biennium unspent general fund appropriations.

House Bill No. 1041 - Budget request and appropriation - This bill continues the requirement that the budget request for the University System 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. The bill also continues the requirement that the appropriation for the University System include block grants for a base funding appropriation and for an initiative funding appropriation and an appropriation for asset funding.

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9/30/03
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House Appropriations Education and Environment Division

Mayville State University Budget Hearing

January 15, 2003

Paul J. Olscamp, Interim President

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Mayville State University
Office of the President

House Appropriations
Education and Environment Division
January 15, 2003

Paul J. Olscamp
Interim President, Mayville State University

Good morning Mr. Chairman and members of the committee. My name is Paul Olscamp, and I am the Interim President at Mayville State University serving in this capacity until July 1, 2003, when a permanent replacement will assume the presidential responsibility for campus operations.

Steven Bensen, the Vice President for Business Affairs, is also attending the budget hearing this morning.

During my testimony I will highlight campus accomplishments, review enrollment and related strategic planning, and present the campus 2003-2005 budget request.

I endorse the State Board of Higher Education budget priorities including the support of the 2003-05 Executive Budget recommendation for the NDUS, at a minimum. I also request legislative consideration of the SBHE funding priorities set forth in their December 18, 2002 listing, should additional resources become available.

Mayville State University continues to be a strategic partner in educating our young people and fostering regional economic growth. With your continued support, we look forward to expanding partnerships and creating opportunities with the citizens of North Dakota.

330 Third Street NE, Mayville, North Dakota 58257 • (701) 786-2301
www.masu.nodak.edu

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Major Accomplishments 2001-2002

- Tuition waivers have been developed for out-of-state students
- States with low capacity to serve post secondary students have been targeted
- Articulation agreements have been, and are continuing to be, developed with all area two-year schools

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Major Accomplishments 2001-2002

- Updated and improved Web site, moving to a student "portal" system
- Consistent marketing messages and presentations enforced
- Updated catalog, fact sheet, inserts for newsletters

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Major Accomplishments 2001-2002

- Updated West Hall, third floor Old Main, fieldhouse classrooms, theatre, library, student services area, pool and hot tub, upgrades in dorms through grant funding, lighting and heating project, office signs

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Major Accomplishments 2001-2002

- First Bachelor of Applied Science degree
- New minors – Ed. Tech, E-Business
- Articulation agreements
- Devils Lake 3rd and 4th year program
- Efforts at GFAFB, Williston, Wahpeton, Bottineau, Towner

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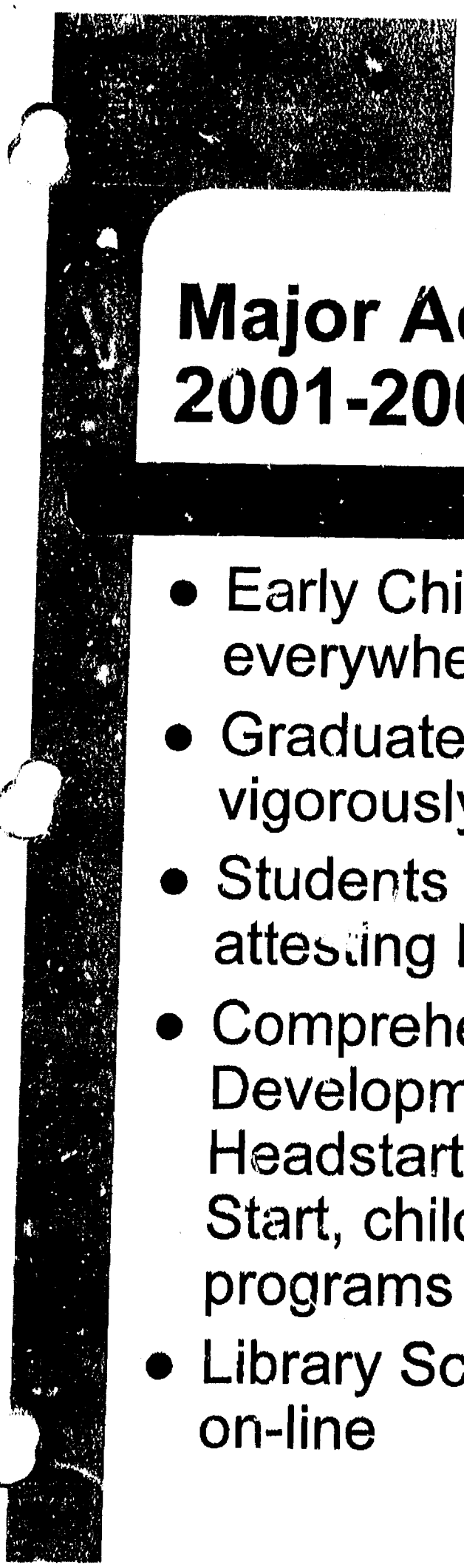

Major Accomplisnments 2001-2002

- Early Childhood going everywhere!
- Graduate credit being pursued vigorously
- Students obtain IT Certification attesting IT skills
- Comprehensive Child Development program offering Headstart, Early Headstart, Even Start, child care and after school programs to five counties
- Library Science minor moving to on-line

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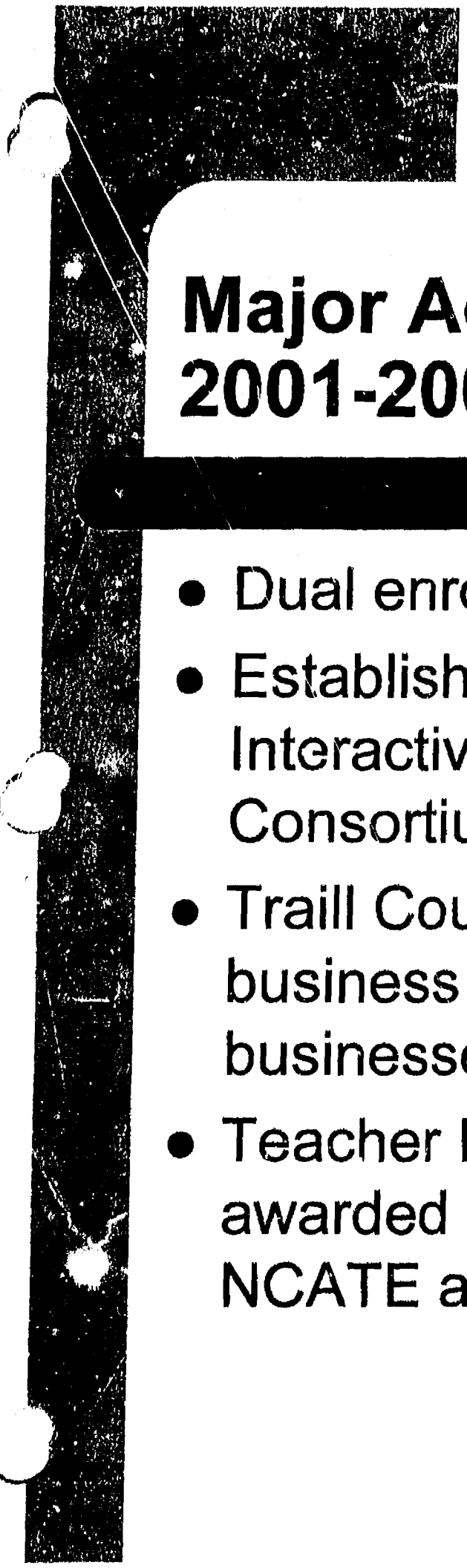

Major Accomplishments 2001-2002

- Dual enrollment credit
- Established Heart of Valley Interactive Video Network Consortium
- Traill County Technology Center business incubator hosts five businesses that employ 20 people
- Teacher Education Program awarded 5 year continuing NCATE accreditation

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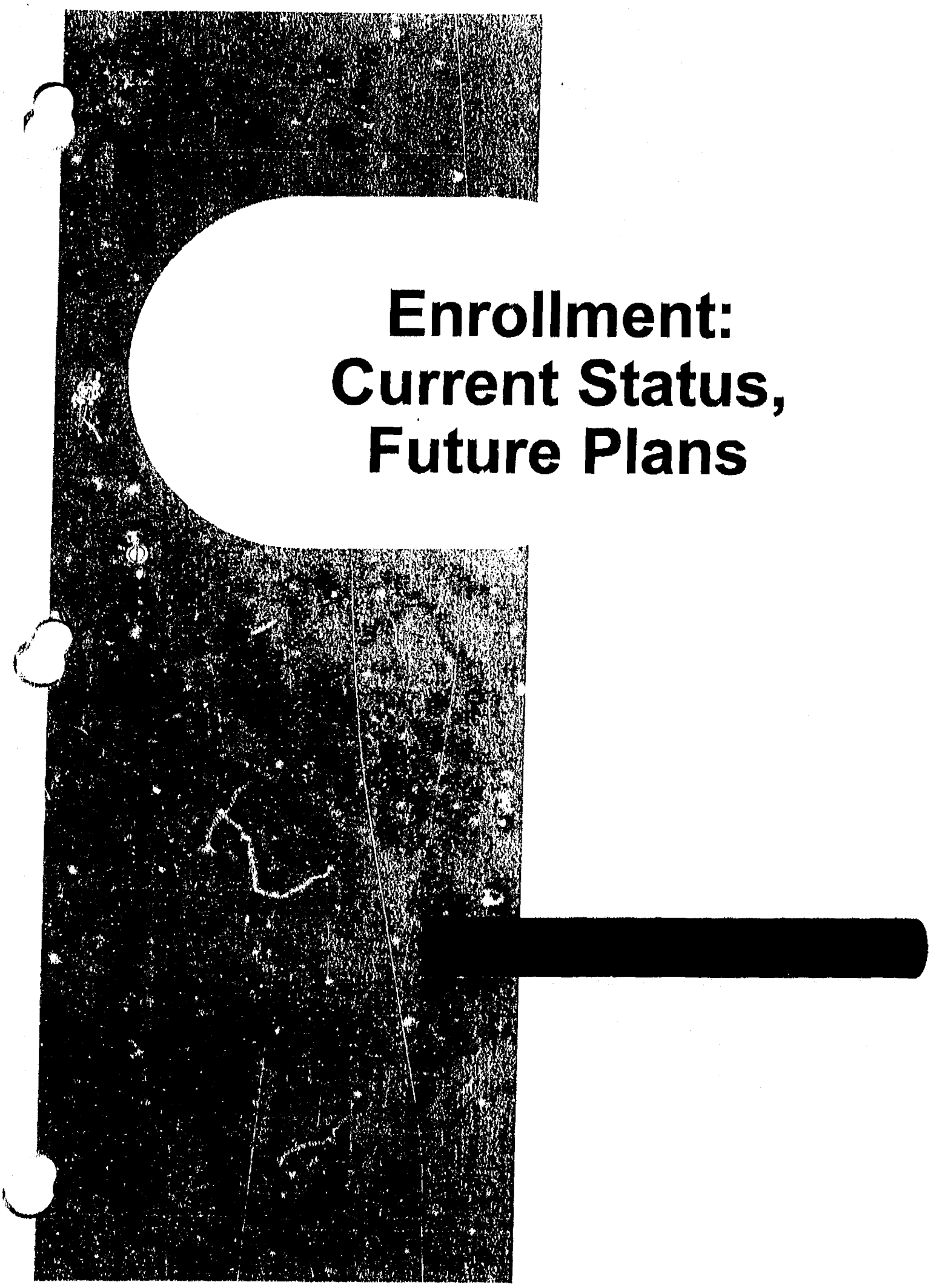

Enrollment: Current Status, Future Plans

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History of Enrollment At MSU

- Full time and FTE enrollments reflect traditional markets.
- Majority of full time students are from an eight county region in NE North Dakota.
- Historically up to 80% of all new students have been under the age of 20.

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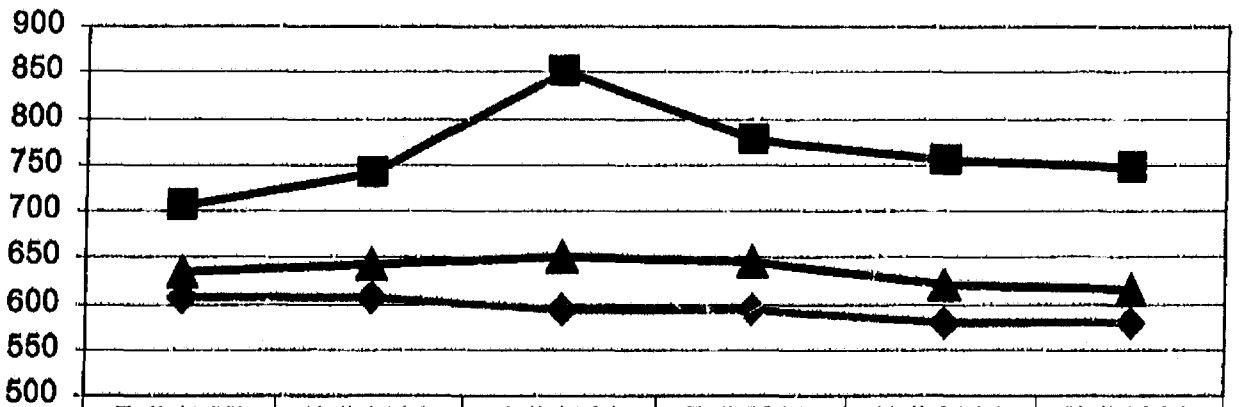
Recent Enrollment



	Fall 1997	Fall 1998	Fall 1999	Fall 2000	Fall 2001	Fall 2002
eadcount	705	740	851	776	755	746
ull-Time	606	606	592	593	579	579
ull-Time Equivalent	635	643	651	644	620	616

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Strategic Planning for Enrollment Development

- **Economic Development Cornerstone:**
  - Maintain market share of traditional markets.
  - Increase enrollments in education, CIS, project management, education technology & e-business.
  - Recruit out of state and international students as top priority.
  - Implement Information Technology Certificate for all graduates.
  - Collaborate with Economic Development Entities.
  - Increase FTE 10 per year

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Strategic Planning

- **Flexible and Responsive System Cornerstone**
  - Offer BS in Business at Lake Region.
  - Offer courses at GFAFB.
  - Offer BAS degree.
  - Complete articulation agreements.
  - Develop IVN and online methods of delivering courses
  - Increase headcount 10 per year, and FTE 5 per year

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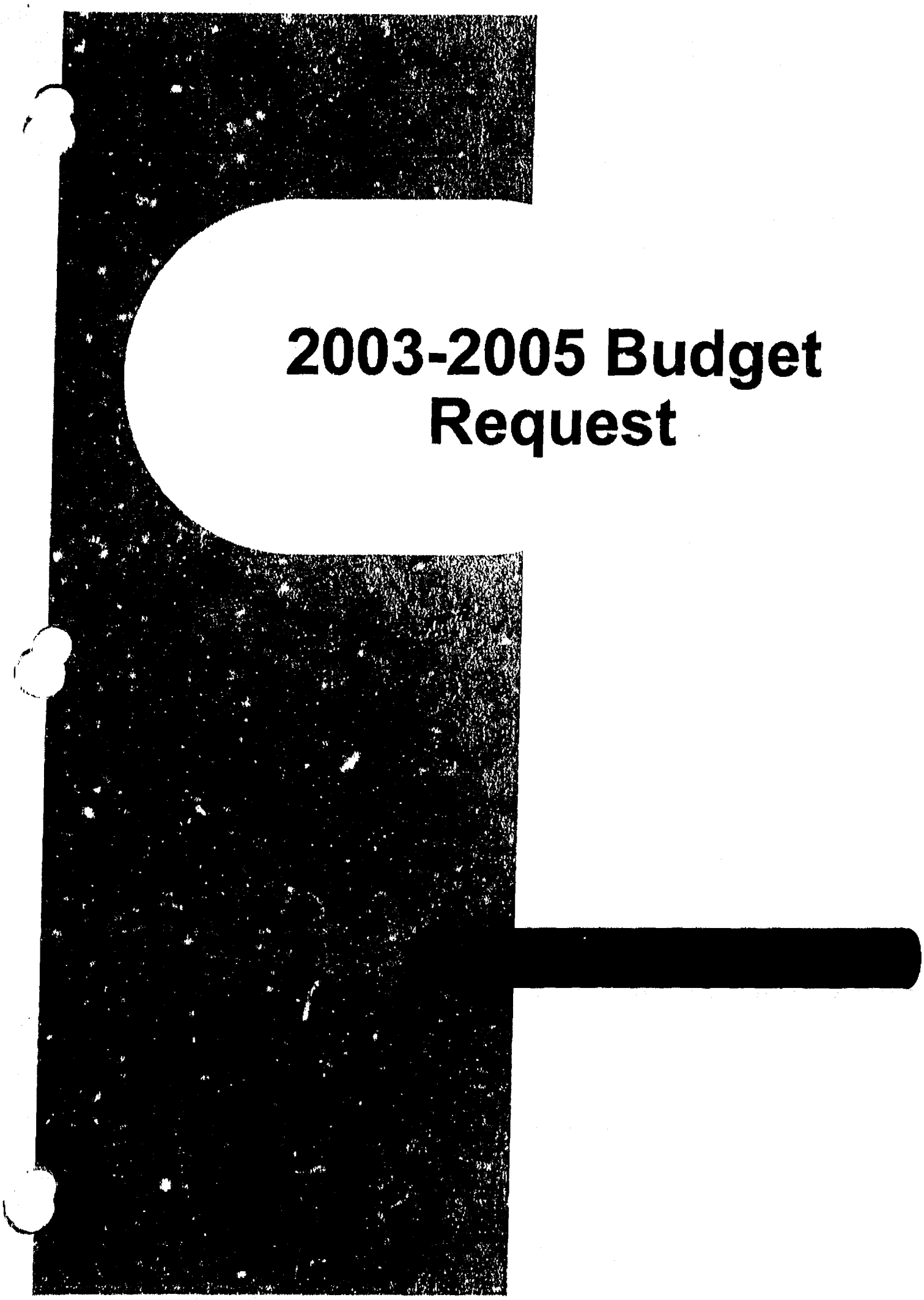

2003-2005 Budget Request

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Campus Operations – Hold-Even Budget

• 2001-03	General Fund	75%	$ 8,515,748
	Tuition	25%	$ 2,853,825
	Total Funding	100%	$11,369,573

- Costs Associated with Hold-Even Funding:

– Maintain 2002-03 Spending Level

2002-03 funded salary increase (2%)	$ 70,658
Operating Inflation (2.5% annual)	$123,875
Subtotal	$194,533

– New Spending Requirements

2003-05 salary increase (2% annual)	$245,890
Health Insurance increase (20.43%)	$201,430
Subtotal	$447,320

- Total Hold-Even Funding Costs $641,853

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Campus Operations – Hold-Even Budget (Continued)

- Total Hold-Even Funding Costs $641,853
- **Funding Sources to offset Costs**
  - State General Fund (No participation)
  - Tuition Increases:
    - Continue 02-03 rate increase (6.5%) $ 80,000
    - 03-05 rate increases (9.8% annual) $353,853
    - Enrollment Growth (2% annual) $ 71,000
  - Internal Reallocation (2.0FTE) $137,000

Total Costs $641,853

- Personnel reallocation adjustment is unlikely in light of additional marketing and recruitment resources suggested in the Success II Report.
- Personnel reallocation adjustment could be offset by an additional 4% annual tuition increase.

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Campus Operations – Hold-Even Budget (Continued)

- 2001-03 General Fund $8,330,748
  SBHE Permanent Transfer $ 185,000
  Adjusted General Fund Total $8,515,748

- 2002-03 SBHE transfer is equal to president's annual compensation and benefit package

- Request additional $185,000 in General Fund support to provide a biennial funding base.

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Capital Assets – Extraordinary Repairs

- Funding Request $214,589
- Academic & Administrative Buildings and Campus Infrastructure value $22.5 Million
- Request is less than 1% of Value
- Funds roof, window and sidewalk replacement, special assessments, carpet and infrastructure repair
- Funding request is consistent with 2001-03 funding
- Executive Recommendation creates a NDUS Pool totaling $6,932,186

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Capital Assets – Major Capital Projects

- Steam Line Replacement – Phase II $1,355,000
- Builds upon $510,000 awarded for 2001-03
- Completes replacement of 40-60 year old campus steam system
- Third in SBHE ranked State Funded Projects
- Needed link to Campus Fieldhouse Expansion (See Engineering Report)
- No SBHE Major Capital Projects in Executive Recommendation. NDUS $2,961,629 Pool created

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CONSULTING ENGINEERS HMH SINCE 1955 "Engineering for the 21st Century"

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West Fargo, ND 58078

Phone: (701) 277-4597
Fax: (701) 277-4598

December 11, 2002

Mr. Steven P. Bensen
Vice President for Business Affairs
Mayville State University
330 Third Street NE
Mayville, North Dakota 58257

RE: Steam Line & Tunnel
Mayville State University
Mayville, North Dakota
Project No. HMH 01017

Dear Mr. Bensen:

We submit for your review and consideration the following narrative describing the existing and new aspects of the Campus steam heating system and the effects that each has on the efficient operation of the existing and future connected buildings.

The existing steam distribution system is comprised of low-pressure direct buried steam and condensate pipes (3 to 24 psi) installed at various depths in the ground. The existing systems for the most part are forty (40) to sixty (60) years old and have exceeded their expected useful life. There are places within the direct buried steam and condensate piping systems that the protective insulting cover of the pipe has been breeched and ground water is entering the system. This intrusion of water has a direct and very adverse effect on the piping system. The water reduces the insulating capabilities of the system and also causes the pipe to rust, which causes the ultimate deterioration of the pipe. For the record, there are currently leaks in the system.

With the piping being directly buried in the ground, the task of locating leaks is very difficult. In most cases until steam or condensate start appearing on the ground surface or if a building is without steam, it is very difficult to pinpoint the bad portions of pipe. The repair and / or replacement of the existing piping system becomes a reactionary type scenario, a wait and see approach relative to when and where the failure will occur. A poor scenario at best. And Murphy's Law is such that if a pipe is going to fail it will happen in the middle of January at 2:00 AM in the morning when it is 35 degrees below zero.

As you are aware, in the summer of 2000 the existing central boiler plant was completely upgraded. As part of that project the two (2) existing oil fired steam boilers were removed due to an increased amount of maintenance having to be done on them just to keep them operating. Also the State Boiler Inspector would not allow the continued operation of one of the boilers due to its poor condition. The boilers were very old and had exceeded their life expectancy. As part of the project four (4) new boilers were installed along with associated equipment and piping. The existing high-pressure steam (100 psi) and condensate piping within the power plant was replaced up to the various steam pressure reducing stations and connections to the existing direct buried steam and condensate piping that supplies the campus were made. No work was performed outside of the Power House, with the exception of the breeching connection to the existing stack.

E-mail: info@hmhinc.com WEB: www.hmhinc.com

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With this background information, please allow us to now present our reasoning behind immediate implementation of the Steam Line & Tunnel project.

Given the age and deteriorating condition of the existing direct buried steam and condensate piping, the University determined that there was an extreme need to replace the entire Campus distribution system before a catastrophic pipe failure occurred. As part of that decision, the University commissioned HMH to consider (design) the installation of a new steam tunnel that would be installed from the West to the East in the middle of the Campus. In this new steam tunnel, new high-pressure steam (100 psi) and condensate pipe mains would be installed. From these new mains, individually valved steam and condensate pipes would supply the various buildings. Each building would also be provided with its own steam pressure reducing station to deliver the steam at the existing building pressures. Such an installation would provide the Campus with increased efficiency and metering capabilities at each building, as well as being able to isolate and work on each building or the mains without having to excavate pipe. Some new direct buried piping is included in the design simply to help keep the project costs down, but again this piping should last 20 to 30 years.

As part of our design we included sufficient capacity within the steam and condensate piping system for a possible future addition to the Lewy Lee Field House. At the time of design no exact sizing was available. The project intended to clean up some of the "hot spots" within the buildings where the existing steam service entered. This is being done to eliminate the excessive heat that is being generated by uninsulated and old worn out valving and it will also allow increased access to the remaining equipment for servicing. There are several places throughout the Campus that are so filled with equipment and piping that it is nearly impossible to get a man in the area to service the equipment without having to crawl on the floor or over pipes and equipment. This is not a good situation for service personnel nor the pipes or equipment.

It is our understanding that a Capital Campaign has begun to solicit funding from the community and Alumni for a 56,000 square foot addition to the Lewy Lee Field House. This addition is preliminarily scheduled to be located on the East and South sides of the existing field house. The existing infrastructure for the existing field house currently does not have sufficient capacity to serve the additional loads of the new field house addition. With this in mind, there are several options available for providing steam to the building addition, some of which do not make good sense, but nonetheless, we will list all the options as we know them. The options are as follows:

1. The first option is to install a new direct buried steam and condensate system from the heating plant to the new addition. Our concern with this option is that in order to route the piping to the new addition from the heating plant a trench would have to be made approximately three (3) feet wide and at varing depths along the exact same path that the new proposed tunnel would be installed.

2. The second option is to install a new stand alone electric boiler in the new addition. Our concern with this option is that in 2000 a brand new central heating plant with four (4) brand new, high efficiency boilers were installed to supply the needs of the Campus and these boilers have enough capacity to supply the needs of the new addition. Such a stand alone electric boiler would be redundant and an unnecessary expense, considering the new boilers in the power plant.

3. The third option is to put in the proposed steam tunnel and extend it and the piping from the heating plant to the new addition (as designed).

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Operator's Signature Date

The new steam tunnel offers several distinct advantages. One, it allows for routine maintenance of the piping and equipment in a person-accessible tunnel (year-round). The condensate pumps that were previously located within each building would now be located in the tunnel. The tunnel would be ventilated with fresh air intakes and exhaust outlets. The tunnel would also accommodate the routing of communication and/or power cabling that the Campus deems appropriate with minimal interruption of the surrounding areas.

Given the age of the existing systems, they could fail at any time..., it could be today, tomorrow, next week or next year. No one can accurately predict the time or circumstances when failure may occur.

In conclusion, and in the strongest terms possible it is our recommendation that you somehow find the funding necessary to immediately proceed with the installation of the steam tunnel and piping system as designed. The University will benefit from reduced maintenance, increased control and future flexibility, along with the opportunity to serve in the most efficient manner possible, the heating loads of the anticipated new addition to the Lewy Lee Field House.

The best interests of the University are served by the wise and proactive implementation of the planning (design) that has already been accomplished.

Should you have any comments or questions, please contact our office.

Sincerely,

HENNING, METZ, HARTFORD & ASSOCIATES, INC.

Gerald D. Hartford, Jr.

Gerald D. Hartford, Jr., P.E.
President & CEO

RS/rs

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9/20/03
Date

Needs – Based Budget

- Additional General Funds:
  - Campus Operations $511,437
    - Based on SBHE Long Term Financing Plan
    - Apply toward 3% annual salary increases, and institutional advancement, enrollment and institutional mission programs
    - Could influence level of annual tuition increases

  - Capital Assets $350,537
    - Based on SBHE Funding Model – (33% of formula, current funding 20.35%)
    - Apply toward various health, safety and ADA improvements throughout campus

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9/30/03
Date

Exhibit #2
4th. day

With exception of those pages some testimony given to Senate on the House

Senate Appropriations Committee

Mayville State University Budget Hearing

March 5, 2003

Paul J. Olscamp, Interim President

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Operator's Signature Date

Mayville State University
Office of the President

Senate Appropriations Committee
March 5, 2003

Paul J. Olscamp
Interim President, Mayville State University

Good morning Mr. Chairman and members of the committee. My name is Paul Olscamp, and I am the Interim President at Mayville State University serving through June 30, 2003, when a permanent replacement will assume the presidential responsibility for campus operations.

Steven Bensen, the Vice President for Business Affairs, is also attending the budget hearing this morning.

During my testimony I will highlight campus accomplishments, review enrollment and related strategic planning, and present the campus 2003-2005 budget request.

I ask Senate consideration for the State Board of Higher Education priorities set forth in their February 26, 2003 statement entitled, State Board of Higher Education's Recommended Positions on 2003-05 Budgets Related to the North Dakota University System. As an overall position, I endorse the State Board of Higher Education budget priorities including support, generally, for the 2003-05 Executive Budget Recommendation for the North Dakota University System.

Mayville State University continues to be a strategic partner in educating our young people and fostering regional economic growth. With your continued support, we look forward to expanding partnerships and creating opportunities for our students and the citizens of North Dakota.

330 Third Street NE, Mayville, North Dakota 58257 • (701) 786-2301
www.mayvillestate.edu

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9/30/03
Date

Campus Operations – Hold-Even Budget

- 2001-03 General Fund 75% $ 8,515,748
  Tuition 25% $ 2,853,825
  Total Funding 100% $11,369,573

- Costs Associated with Hold-Even Funding:

– Maintain 2002-03 Spending Level

2002-03 funded salary increase (2%)	$ 73,295
Operating Inflation (2.5% annual)	$128,495
Subtotal	$201,790

– New Spending Requirements

2003-05 salary increase (2% annual)	$255,065
Health Insurance increase (20.43%)	$208,945
Subtotal	$464,010

- Total Hold-Even Funding Costs $665,800

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Campus Operations – Hold-Even Budget (Continued)

- Total Hold-Even Funding Costs $665,800
- **Funding Sources to offset Costs**
  - State General Fund (No participation)
  - Tuition Increases:
    - Continue 02-03 rate increase (6.5%) $ 96,018
    - 03-05 rate increases (13.2% annual) $494,408
    - Enrollment Growth (2% annual) $ 75,374

Total Costs $665,800

- Engrossed HB 1003 operating reduction $165,913
- Offset would require an additional 4.43% annual tuition increase

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Capital Assets - Extraordinary Repairs

- Engrossed HB 1003 includes $50,000 funding for Improvements to Old Main
- Funding would be used to compliment fund raising and volunteer labor improvements in Theatre
- Sound System, $12,000; Theatre wiring upgrade, $33,000;
- Minor remodeling in Admin. Area to better serve students, $5,000.
- Important considering 2003-05 $100,000 extraordinary repairs funding commitment to special assessments

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Capital Assets – Major Capital Projects

- Steam Line Replacement – Phase II $1,355,000
- Builds upon $510,000 awarded for 2001-03
- Completes replacement of 40-60 year old campus steam system
- Third in SBHE ranked State Funded Projects
- Needed link to Campus Fieldhouse Expansion (See Engineering Report)
- Engrossed HB1003 includes state bonding for project, and establishes an escrow account in NDUS Office for 2005-07 bond payments

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Prepared by the North Dakota Legislative Council
staff for House Appropriations
January 8, 2003

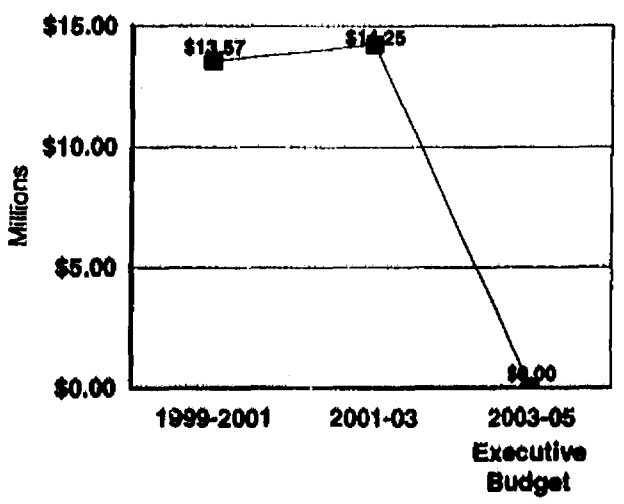
Department 239 - Dickinson State University
House Bill No. 1003

	FTE Positions	General Fund	Other Funds	Total
2003-05 Executive Budget	0.00	$0	$0	$0
2001-03 Legislative Appropriations	130.15	14,254,893[1]	4,000,000	18,254,893[2]
Increase (Decrease)	(130.15)	($14,254,893)	($4,000,000)	($18,254,893)

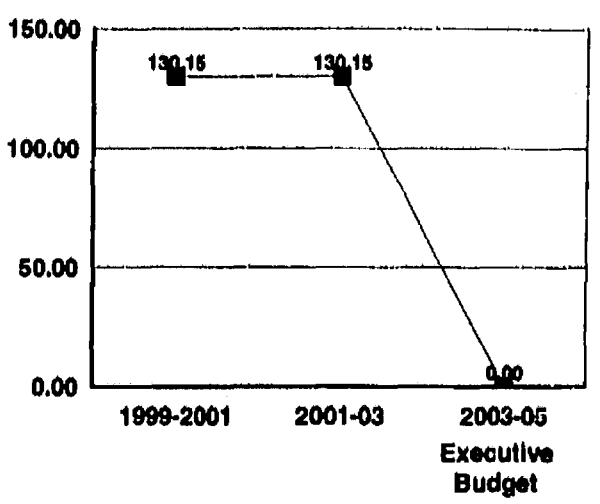
[1] The 2001-03 general fund appropriation is the amount appropriated by the 2001 Legislative Assembly and does not include a reduction of $150,674 relating to the 1.05 percent budget allotment ordered by Governor Hoeven in July 2002.

[2] The 2001-03 appropriation amounts include a general fund allocation of $114,760 from the equity and special needs funding pool appropriated to the University System. The 2001-03 appropriation amounts do not include a general fund allocation of $95,000 from the equity and special needs funding pool considered to be one-time funding for the 2001-03 biennium.

Agency Funding - General Fund



FTE Positions



Executive Budget Highlights

	General Fund	Other Funds	Total
1. Consolidates funding for all higher education institutions into the University System office budget	($14,254,893)	($4,000,000)	($18,254,893)

Major Related Legislation

House Bill No. 1039 - Special funds continuing appropriation - This bill provides for the continuation of the continuing appropriation of higher education institutions' special revenue funds, including tuition.

House Bill No. 1040 - Unspent general fund appropriations - This bill provides for the continuation of the University System's authority to carry over at the end of the biennium unspent general fund appropriations.

House Bill No. 1041 - Budget request and appropriation - This bill continues the requirement that the budget request for the University System 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. The bill also continues the requirement that the appropriation for the University System include block grants for a base funding appropriation and for an initiative funding appropriation and an appropriation for asset funding.

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9/30/03
Date

Dickinson State University

291 Campus Drive
Dickinson, North Dakota 58601-4896

Office of the President
Telephone (701) 483-2326
Fax (701) 483-3712

Testimony to the House Appropriations Committee
Education and Environmental Division
January 13, 2003

For the record, I am Dr. Lee Vickers, President of Dickinson State University. Let me thank you for the opportunity to present highlights about the University's accomplishments, as well as our budget request.

I will make some brief comments regarding enrollment and placement trends, and the University's accomplishments, and Mr. Alvin Binstock, Vice President for Business Affairs, will present information related to the budget request. Dr. Rich Brauhn, Vice President for Academic Affairs, is also here this morning and he would be happy to answer questions related to the academic programs.

Please note that the material you have been provided is organized so that the first two sections include a series of graphs and information highlights. Section three contains information in a narrative format so you can read more about specific highlights if you desire. Sections four through nine deal with the budget request. Most of my comments will be related to the material in sections one and two.

Dickinson State University is an interactive, engaged university committed to serving the citizens of the West River region and to making a significant contribution to the economic growth and prosperity of North Dakota. Moreover, consistent with the Legislative Roundtable, we are making every effort to enhance the quality of our programs and services, increase access to education by developing and implementing flexible, user-friendly modes of delivering instruction, and ensure that our academic programs are competitive at the national and international level.

Should you have any questions during the presentation, please stop me at any time.

Sincerely,

Lee A. Vickers, Ph.D.
President

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House Appropriations Committee Hearing

Dickinson STATE UNIVERSITY

Monday, January 13, 2003

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Campus Overview

Enrollment/Graduation Placement Report—Section 1

University Highlights—Section 2

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Enrollment/Graduation Placement Report

Section 1

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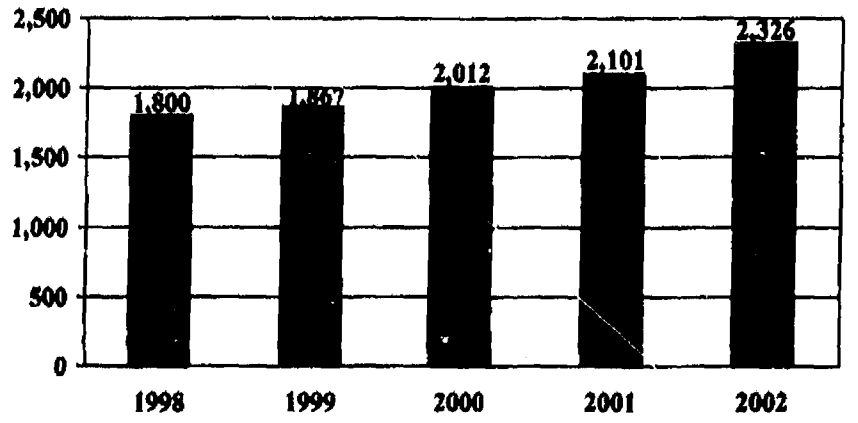
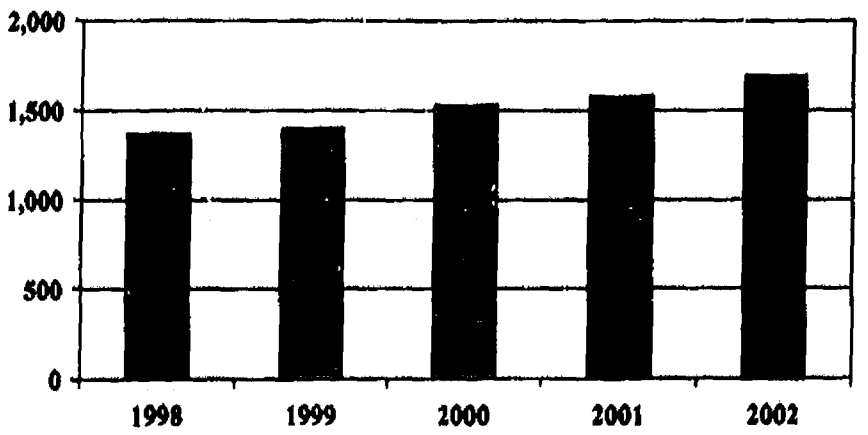
Enrollment Fall 2002



North Dakota Student Enrollment



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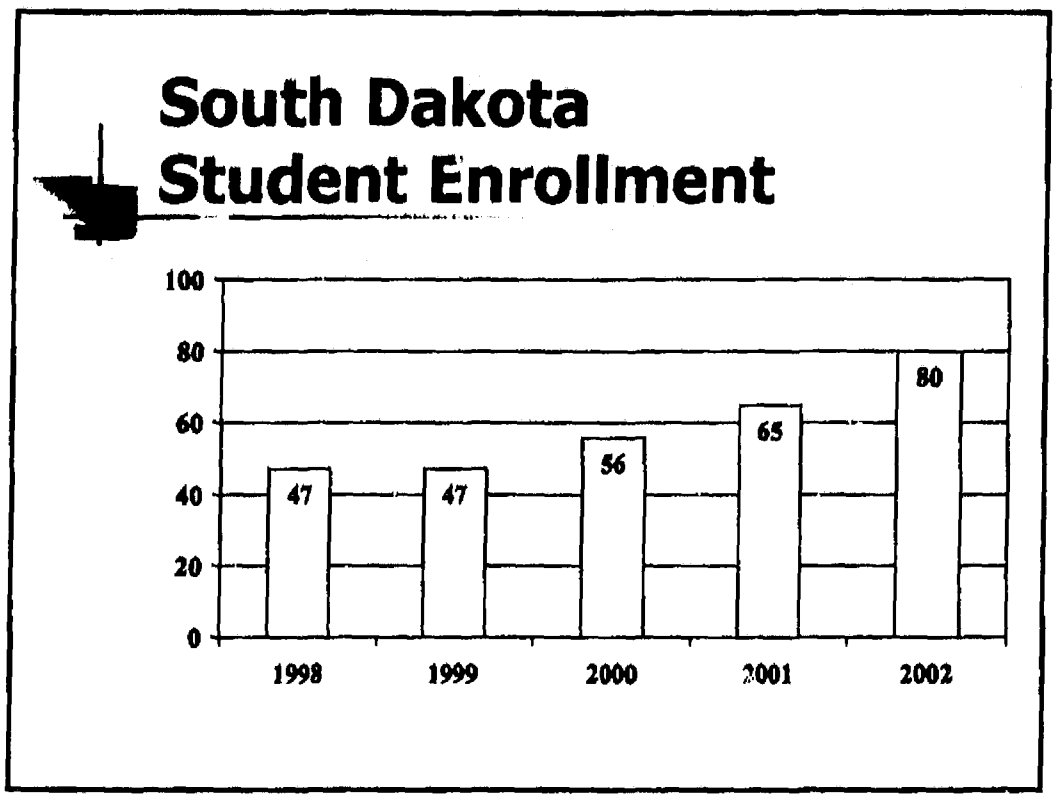

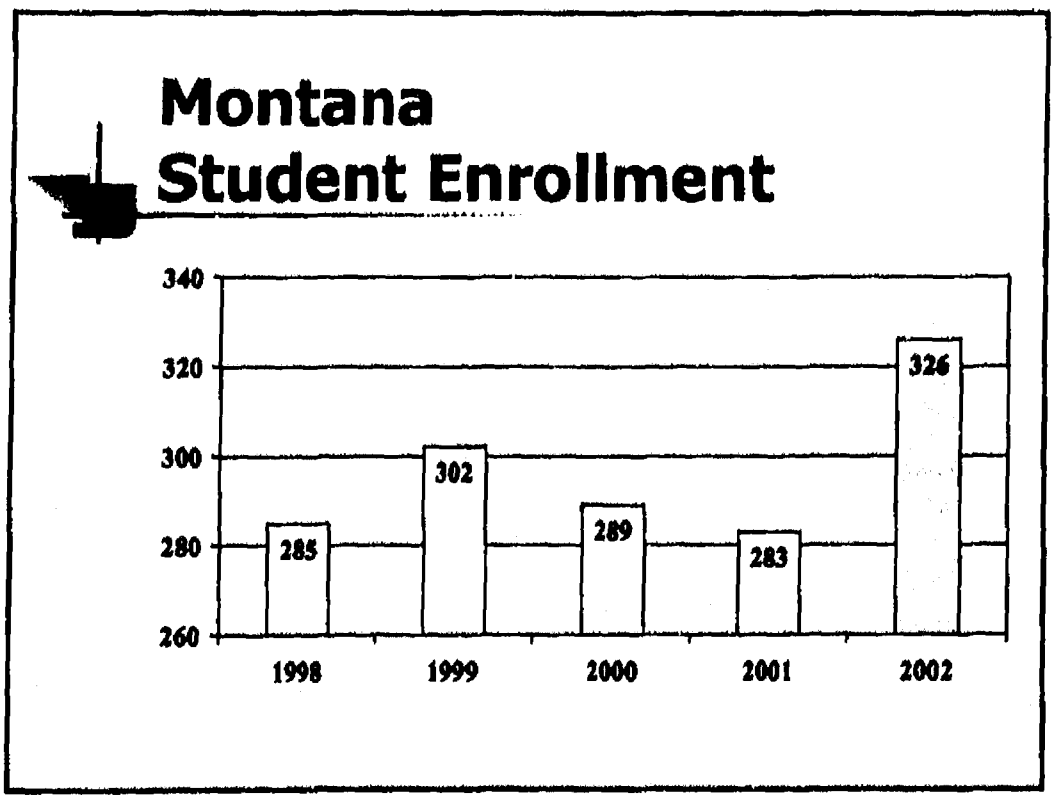

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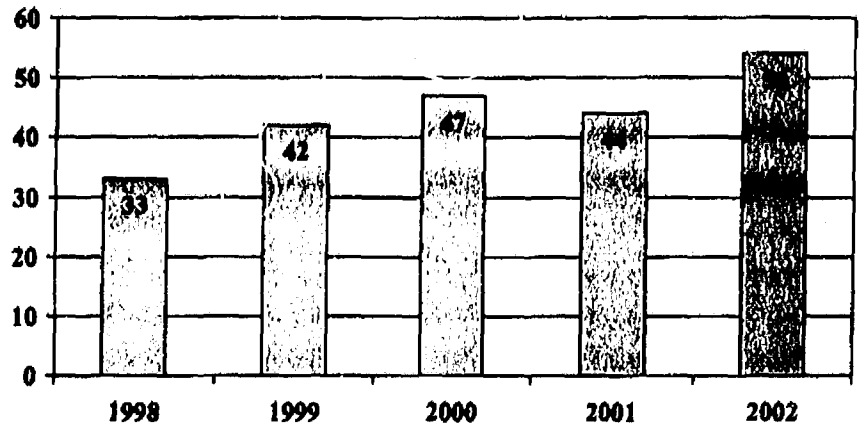
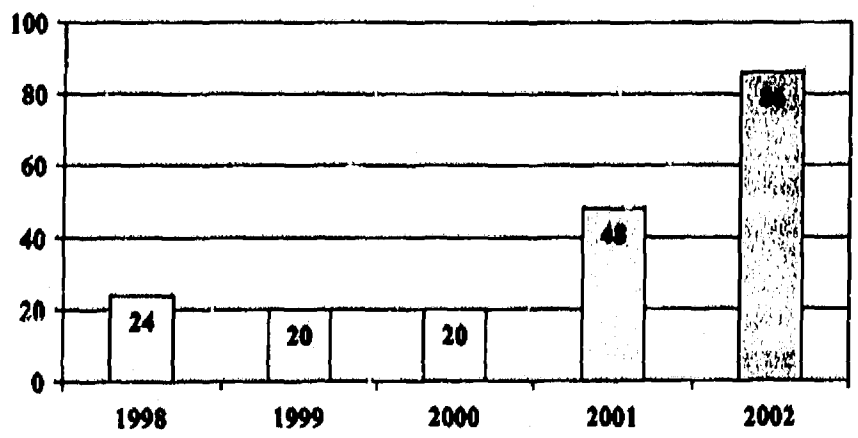
Wyoming Student Enrollment



International Student Enrollment



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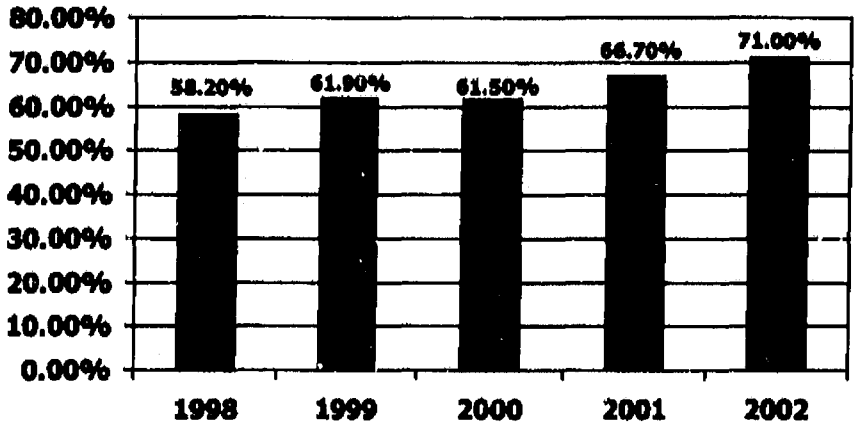
Retention Rates



Dickinson State University

Office of Extended Campus

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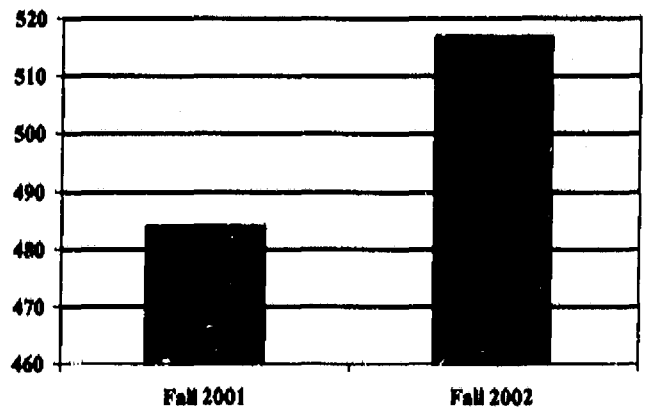
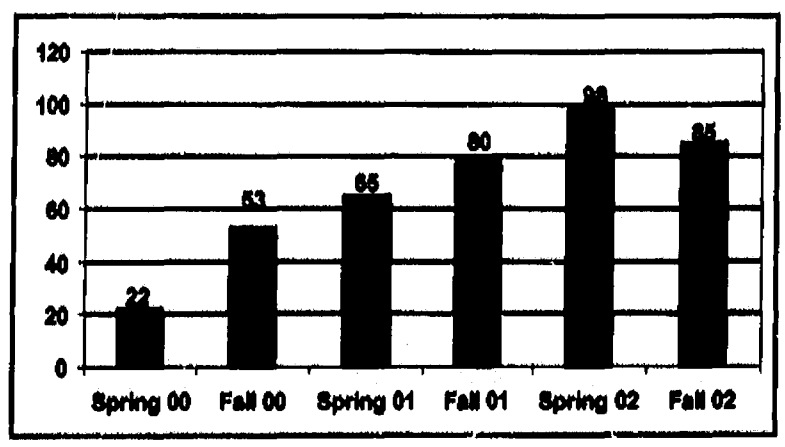
Extended Campus Enrollment



History of Bismarck Site



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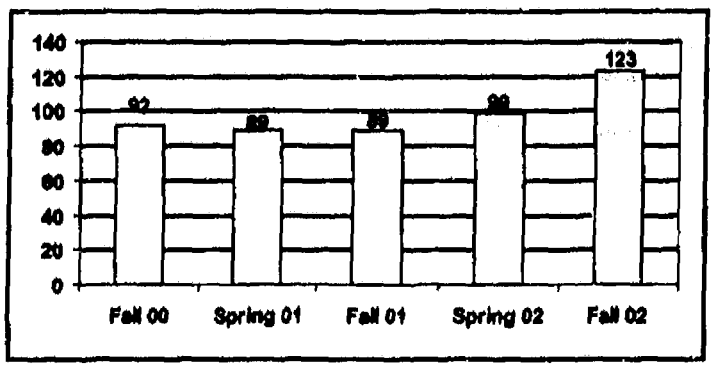
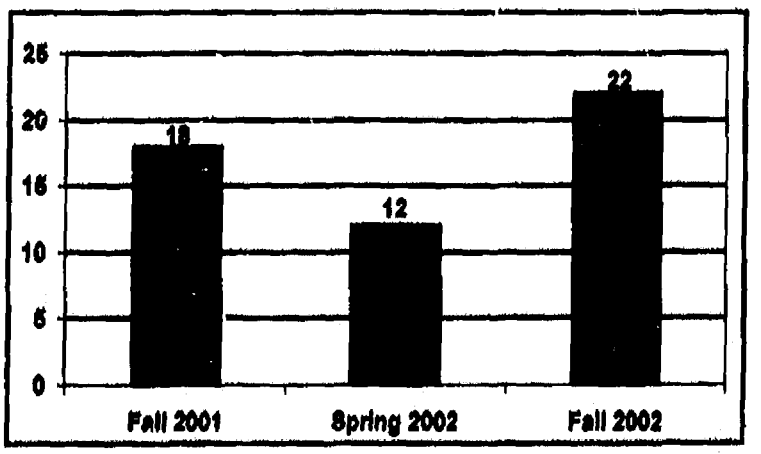
History of Dickinson Site



History of Williston Site



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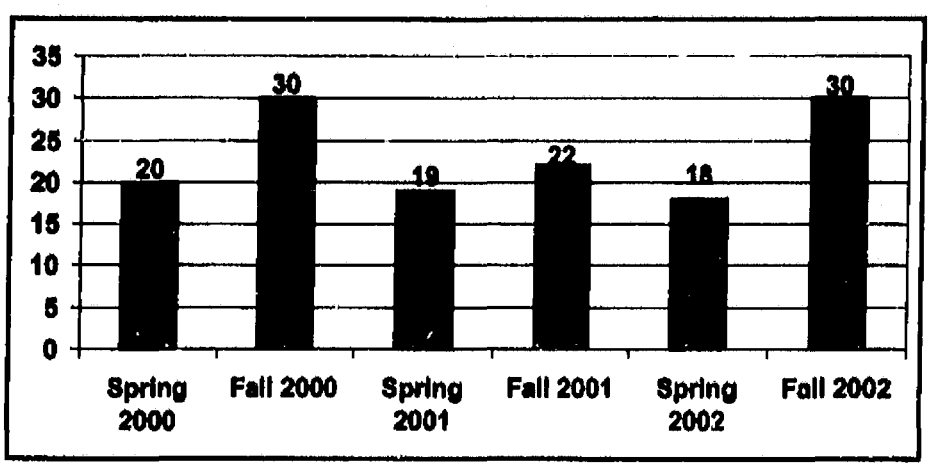
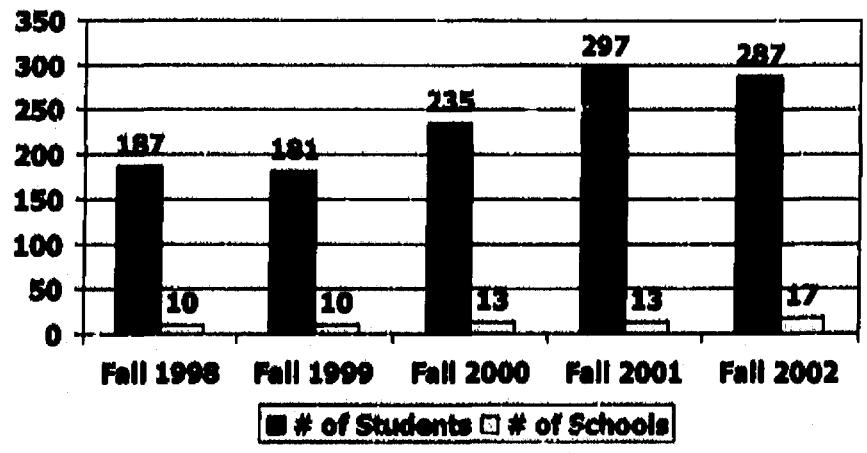
Yellowstone Trail / SPICE Consortium

(Dickinson, Bowman, Hettinger, Scranton, Mott and Regent School Districts)



History of Dual Credit



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Enrollment Factors

- Retention
- Quality of Programs/Facilities/Place
- Cost
- Scholarships
- Graduate placement rate
- Flexible Delivery of Programs/New Programs
- Marketing
- Student-Centered Learning Environment
- Convenient, up-to-date housing

Retention Strategies

- First Year Program
  - Freshman Seminar
  - Learning Communities
  - Peer Tutoring
  - Front-loading Student Activities
- Academic Advising
- Increased Access to Information Technology

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Graduate School

- 2002, 11% of the graduating class
- 2001, 7% of the graduating class
- 2000, 4% of the graduating class
- 1999, 3.6% of the graduating class

Placement

- 2002, 98% of Graduates were employed
- 2001, 98.5% of Graduates were employed
- 2002, 80% were employed in their field of study
- 2001, 85% were employed in their field of study
- 2002, 76% were employed in North Dakota
- 2001, 68% were employed in North Dakota

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9/30/03
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Placement (Non-Resident Graduates)

- 2002, 40% of Non-Resident Graduates were employed in North Dakota
- 2001, 16% of Non-Resident Graduates were employed in North Dakota

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University Highlights

Section 2

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Roundtable Results

- Enrollment has increased system-wide
- Research has increased significantly
- Campuses are energized and more engaged
- Fundraising across the system has increased significantly
- Cooperation/collaboration has increased

Roundtable Results

- Capital construction has increased
- Regional/national recognition has increased significantly
- Perception of higher education has been significantly enhanced (viewed as an investment)
- Partnerships with business and other government agencies have increased

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Great Plains Population Symposium

- Major Symposium Themes Included:
  - A notion of "quality of place" is the driving force;
  - Entrepreneurship is critical;
  - Universities serve as a magnet for talent and talent attracts talent;
  - Cooperation and collaboration within rural areas is essential;
  - Utilization of information technology is key for rural revitalization;
  - Combating the inaccurate notion that rural policy and agricultural policy are synonymous;
  - Meeting the challenge of rural health care; and,
  - Building rural economies requires financial and social capital.

Great Plains Population Symposium

- State and Local Issues:
  - Seek to overcome isolation but not expect salvation from the outside;
  - Focus on using their own assets, encourage and support entrepreneurship and building their own futures;
  - Work with regional neighbors to promote an attractive "Quality of Place";
  - Participate in the knowledge economy and invest in technology;
  - Focus on keeping their young and seek to develop lasting relationships that support them and bind them to the community;

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Great Plains Population Symposium

- State and Local Issues (Cont.)
  - Draw out from their own people the leadership needed to face the future;
  - Develop both bonding and bridging social capital;
  - Embrace diversity of people, ideas, and problem solving techniques;
  - Look for ways to promote the growth of minority populations;
  - Understand that Universities are the economic drivers in the creation of the new type of economic development since they make available: technology, talent, and tolerance.

2002 Fundraising

- 2001 - 02, raised $1.3 million
  - 42% increase in donors compared to last year
  - 11% increase in the number of gifts compared to last year
- Three of the last four years, raised over $1 million
- The Foundation provided over $615,000 in scholarships in each of the last two years

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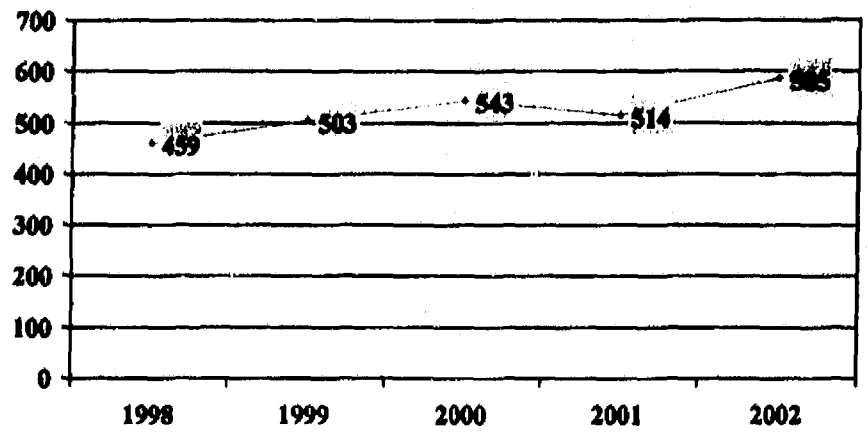
University Housing



National Comparisons
Peer Institutions

The Top Public Comprehensive Colleges
2002 U.S. News and World Report – America's Best College

Peer Institutions	Regional Rating	Peer Assessment Score	Enrollment
Dakota State University	#3 Midwest	2.4	2,003
Glenville State University		2.2	2,260
Indiana University – East		2.2	2,254
Lewis-Clark State College	#3 West	3.1	3,151
Shawnee State University		1.8	3,460
University of Arkansas at Monticello		2.5	2,254
University of Maine at Farmington	#3 North	2.5	2,090
University of South Carolina at Aiken	#1 South	3.0	3,173
West Liberty State College		2.6	2,579
Dickinson State University		2.5	2,326

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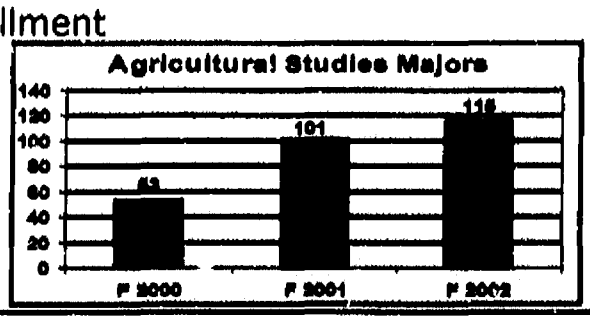
New Programs

- Agriculture Studies Major in Cooperation with North Dakota State University
- Psychology Major
- Manufacturing Technology Concentration
- Technology Education Major in Cooperation with Valley City State University
- Theodore Roosevelt Honors/Leadership Program
- On-line Associate in Science Degree in Agriculture Sales and Service, Option in Equine Management

Bachelor's Degree Major in Agricultural Studies in Cooperation with North Dakota State University

- Curriculum includes three options:
  - Natural Resource Management
  - Integrated Ranch Management
  - Business/Marketing
- Enrollment



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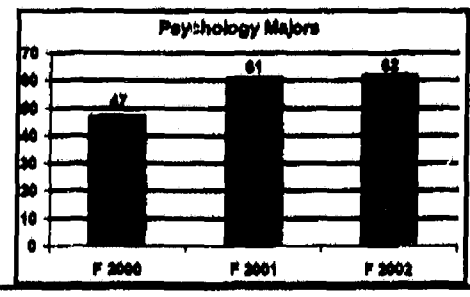
Psychology Major

- Developed in response to :
  - requests from DSU students
  - a need to meet demand within the state and nationally for baccalaureate degree graduates with a comprehensive education in psychology
- Cooperative program with Dickinson Badlands Human Service Center
- Enrollment:



Manufacturing Technology Concentration

- Need: Manufacturer's Roundtable indicated a need for employees with Business Administration degree and Manufacturing Technology expertise
- Dickinson State University added new manufacturing technology concentration
- Gift from TMI Systems Design Corporation in support of new computer lab in Murphy Hall (AutoCad)
- Changing from concentration to minor

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Manufacturing Technology

- **Curriculum includes coursework in:**
  - -Desktop Publishing
  - -Computer Science I
  - -Production Systems
  - -Applied Specifications
  - -Computer Networks
  - -Management Information Systems
  - -Drawing and Specification Techniques I & II
- **Enrollment:**
  Fall 2002 23 students

Technology Education Agreement with Valley City State University

- **Need: Great demand for technology education teachers in North Dakota**
- **Goal: Offer new technology education major and minor for Dickinson State University students in cooperation with Valley City State University**

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Technology Education Agreement with Valley City State University

* **Dickinson State University will deliver the general education and secondary education curricula.**

* **Valley City State University will deliver the technology education major and minor courses in an on-line delivery mode.**

SPICE

- Southwest Pipeline of Information for Communities and Education
  - Dickinson State University
  - Dickinson Public School District
  - Mott/Regent School District
  - Yellowstone Trail Consortium
    - Bowman School District
    - Hettinger School District
    - Scranton School District

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SPICE Consortium

- Associate in Arts
- Bachelor of University Studies
- New program - Summer 2001
  - AASPN (Nursing)

West River Teacher Center

- Part of the Department of Teacher Education
- Primary mission: Professional Development

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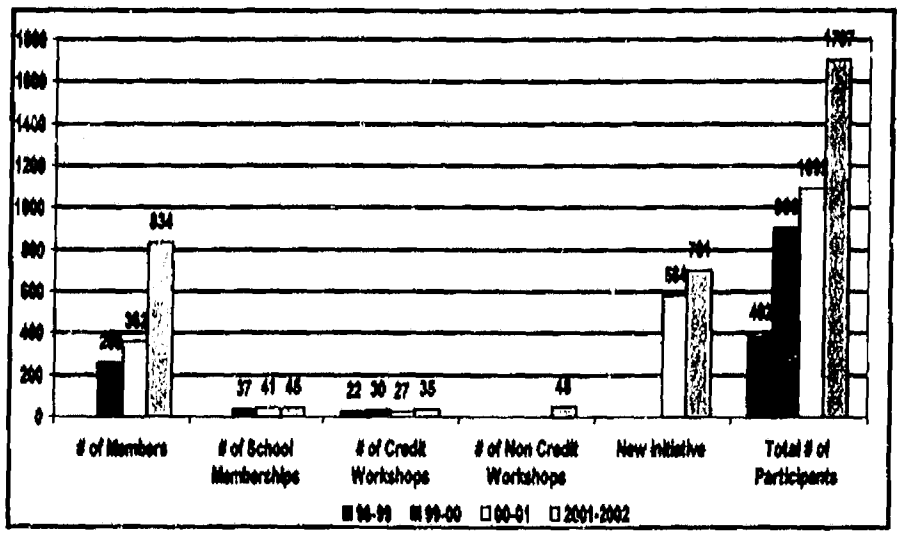
History of WRTC



Dual Credit

- Offered at 17 high school sites in southwest North Dakota
- General education requirements are common courses

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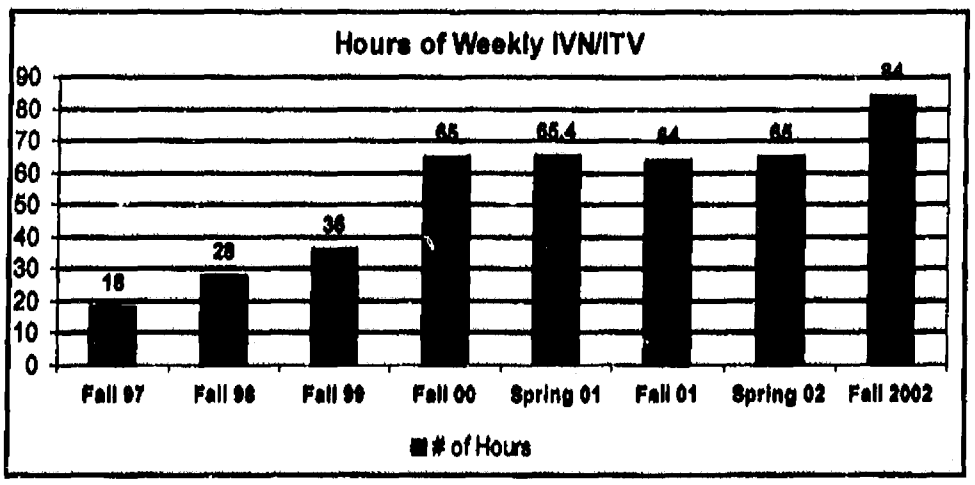
Interactive Video Network

Programs offered at Dickinson State University through NDUS and IVN:

- Early Childhood Education through Lake Region State **(New in 2000)**
- Masters in Educational Leadership through UND and NDSU **(New in 2001)**
- MBA through the University of North Dakota
- Masters in School Counseling through NDSU **(New in 2001)**

IVN / ITV History



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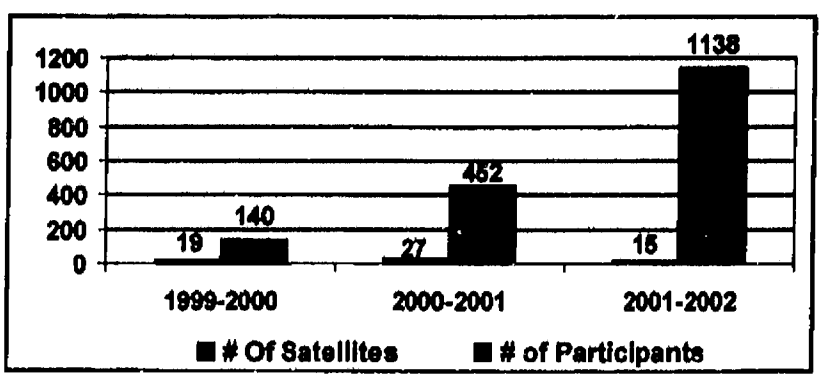
History of Satellite Usage



Workforce Training

- Collaborative project with BSC
- DSU houses the Workforce Training Manager at the Office of Extended Campus
- DSU facilities are used for the classes
- DSU works closely with training that may be applied to the Accelerated Degree Completion Programs

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Laptop Initiative

Fall 2000: 32 Laptops

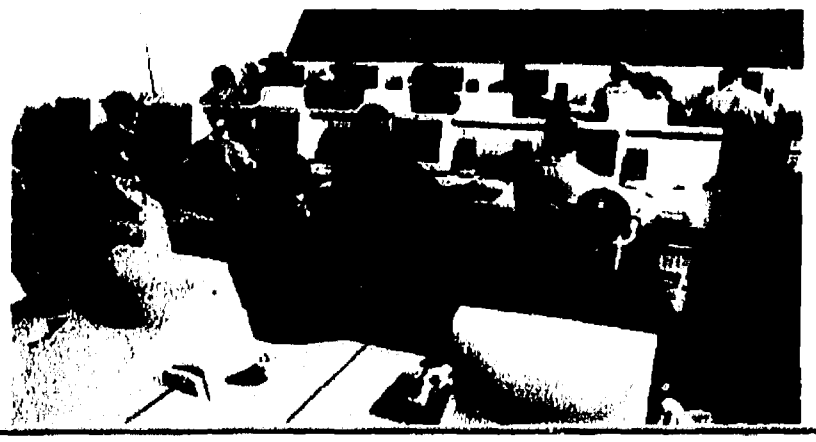
- **Business & Mgmt- 11**
- **Teacher Education- 9**
- **Methods Faculty- 12**
  - **Fine Arts- 4**
  - **Language & Lit- 2**
  - **Math & CS- 3**
  - **Natural Science- 1**
  - **Health & PE- 2**

Fall 2001: 12 Laptops

- **Nursing- 3**
- **Natural Science- 6**
- **Social Science- 3**

New Computer Labs

- Agriculture (with support of Consolidated Telecom)
- Science Building-CAD/CAM (with support of TMI Corporation)



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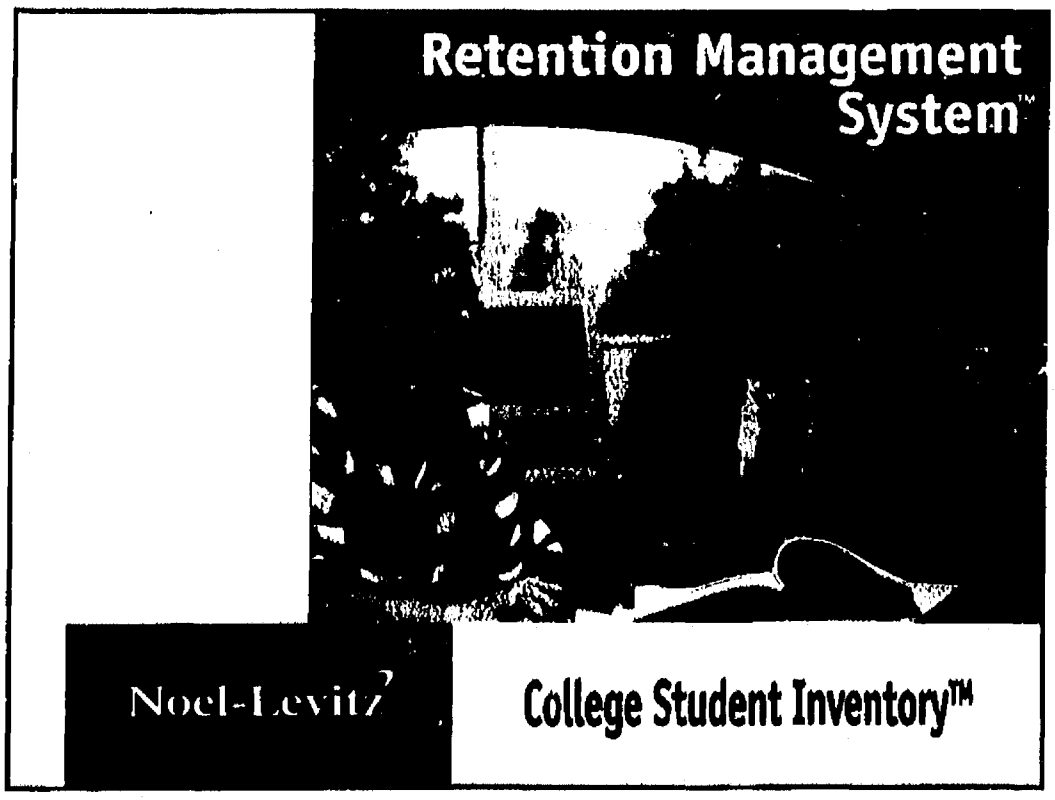
Accountability Measures

- Senate Bill 2003, which adopted the legislative roundtable report, also called for increased performance accountability measures and the use of national comparisons through standardized testing and peer institutions.
- DSU has included such measures in its strategic plan especially with regard to measuring academic achievement and excellence.



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2001 National Survey of Student Engagement

- NSSE Peer Comparison Report measures student perception of academic involvement.

COLLEGIATE ASSESSMENT OF ACADEMIC PROFICIENCY

CAAP

Measuring Two Initiatives: Critical Thinking and Writing Across the Curriculum

- The Collegiate Academic Assessment Program Exams in two areas given at the entrance/exit to measure value added
- Will have peer institutions for comparisons

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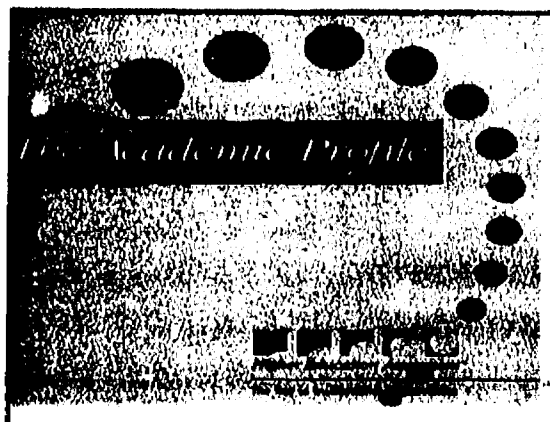

ETS Academic Profile

This standardized National Exam will measure how well DSU achieves the learning outcomes in our general education core and how our general education compares with that of other institutions nation-wide.

Exit Exams

- Teacher Education – ETS Praxis II
  - Principles of Learning and Teaching (Pedagogical knowledge)
- Specialty Area Tests (subject area content)
- ETS Major Field Tests
  Biology, Chemistry, History, Math, etc.
- ETS Criterion Exam for writing

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Accreditation Agencies

- **Higher Learning Commission** (NCA Regional Accreditation). A maximum of 10 years full accreditation in 1994 and will undoubtedly receive 10 more years in 2004.
- **National Council for Accreditation of Teacher Education** (NCATE). Received five years maximum in 1998 and will host the next NCATE visit in 2003.
- **National League of Nursing for Accreditation Commission** (NLNAC). DSU's-LPN & RN are both accredited by NLN and by the state of North Dakota.
- **National Association School of Music** (NASM). DSU is currently seeking accreditation for its music program through the National Association of Schools of Music. Will submit an application in 2003.

North Dakota BRIN
Biomedical Research Infrastructure Network

Building biomedical research capacity in North Dakota by serving public universities and tribal colleges within the state

UNDERGRADUATE RESEARCH

I. Biomedical Research in North Dakota (BRIN)
Part of the ND Experimental Program to Stimulate Competitive Research (EPSCoR)

- **DSU received $73,440 in a three-year grant**
- **Promote biomedical research and develop student interest**
- **One full-time faculty and 10 students involved in DSU BRIN research projects**
- **Allowed for remodeling lab and equipment purchase to conduct cell culture research**

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North Dakota
B.R.I.N

Building biomedical research capacity in North Dakota by serving public universities and tribal colleges across the state

Two projects

1. **Cells which promote wound healing**
2. **Chemo-preventative effects of Lycopene on prostate cancer**

Summer programs of research

- **High altitude acclimation of cells ability to function with decreased oxygen**

Results

1. **Two DSU students developing poster presentations on their research for the N.D. Science Academy meeting this spring.**
2. **Two DSU students will attend graduate school at UND to continue their research.**

Red River Valley Research Corridor

- A world class research corridor anchored initially by UND and NDSU
- A team concept including all of the NDUS's colleges and universities
- Create new industries, jobs and economic development opportunities

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Red River Valley Research Corridor

- Each of the four-year institutions not having strong research missions should establish the expectation that some faculty will engage in research and participate in Research Corridor programs.
- Establish a program of undergraduate research participation for students throughout North Dakota to work with faculty on research projects.

Title II Grants

- DSU has received two Title II grants since 2001
- Federal grant funds allocated by the State of North Dakota
- Awarded through competitive grant applications by the North Dakota University System

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2001-2002 Grant Award

- 2001-2002 grant award totaled $71,427
- Project: *"Making Sense of Standards at the Local Level"*
  - *36 School district partners*
- Components:
  - Graduate credit teacher workshops
    - 178 workshop/seminar attendees
  - Technical assistance on standards
  - Purchase educational resources for West River Teacher Center

2002-2003 Grant Award

- Grant award $76,777 for FY2002-2003
  - Plus a possible $95,113 each year for FY2003-2004 and FY 2004-2005
  - Possible total of $267,003
- Project: *"Rediscovering Excellence in Teaching through Research and Application"*
  - *36 School district partners and 3 other educational entities*
- Components:
  - Host institutes on best practices and research related to standards, assessments, and instruction
  - Increase teacher's content knowledge in math, science, reading and language arts
  - Assist teachers to meet "highly qualified" criteria
  - Facilitate a mentoring program

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Date

No Child Left Behind Act of 2001

Public Law 107-110

- Amended and reauthorized the Elementary and Secondary Education Act (ESEA) of 1965

- Major Issues:
  - K-12 student achievement
    - Assessments aligned with state standards
    - State and school district accountability
    - Student achievement goals
      - Adequate yearly progress

No Child Left Behind Act of 2001

Public Law 107-110

- Highly qualified teachers
  - The law addresses both elementary and secondary teachers
  - Issue of teaching in subject area major
    - North Dakota Education Standards and Practice Board (ESPB) is exploring possible options for teachers to meet new expectations:
      - Additional course work to obtain major or major equivalent
      - Subject area testing
      - Possible use of portfolio-based assessment
      - Completion of Master's degree in subject area

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Dickinson State University Distinctions

- Extended Campus Programs
- Assessment/Quality
- Depopulation
- First-Year Experience
- Theodore Roosevelt Honors/Leadership Program
- Global Awareness
- Catalyst for Change

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Major Accomplishments

Section 3

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Major Accomplishments 2001-2002

Great Plains Population Symposium Project Successful

Approximately 250 people attended the Dickinson State University-sponsored national policy symposium of the Great Plains Population Project in Bismarck last fall, while an additional 450 people were on the Dickinson State campus to attend the spring symposium on state and local policy issues dealing with Great Plains depopulation. The two multi-day symposia featured a variety of experts on the topic of population loss in the Great Plains, some of its causes, and its effects.

The cornerstone of the endeavor, however, was a series of workshop sessions designed to engage those in attendance in the quest for national policy improvements for the betterment of the Great Plains region. Those suggestions were forwarded to North Dakota Senator Byron Dorgan, who helped obtain Congressional appropriations for the symposium, and were reviewed in anticipation of the upcoming legislative cycle.

Major themes included:

- A notion of "Quality of Place" is the driving force,
- Entrepreneurship is critical,
- Universities serve as a magnet for talent and talent attracts talent,
- Cooperation and collaboration within rural areas is essential,
- Utilization of information technology is key for rural revitalization,
- Combating the inaccurate notion that rural policy and agricultural policy are synonymous,
- Meeting the challenge of rural health care, and
- Building rural economies requires financial and social capital.

The Great Plains Population Symposium on state and local issues held at DSU helped to define the elements needed for successful communities. It indicated that growing communities would need to:

- Seek to overcome isolation but will not seek salvation from the outside.
- Focus on using their own assets, encourage and support entrepreneurship and accepting responsibilities for their own future.
- Work with regional neighbors to promote an attractive "Quality of Place."
- Participate in the knowledge economy and invest in technology.

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- Focus on keeping their young and seek to develop lasting relationships that support and bind youth to the community.
- Draw upon their own leaders in facing the future.
- Develop both bonding and bridging social capital.
- Promote diversity of people, ideas, and problem solving techniques.
- Look for ways to promote the growth of minority populations.
- Understand that universities are drivers in the creation of new type of economic development through their promotion of technology, talent, and tolerance.

Dickinson State University served as the lead institution in scheduling and planning the Great Plains Population Project symposia. The University was assisted in the endeavor by North Dakota State University, the University of Montana, Iowa State University and Colorado State University.

(See Appendix, section 3, page 19, for the summaries of the Great Plains Population Symposiums.)

Dr. Froelich Addresses U.S. Senate Finance Committee on the Rural Great Plains

- Dickinson State University's Dr. Peter Froelich, assistant for special projects at the University, testified before the Senate Finance Committee in Washington D.C. regarding the plight of the rural Great Plains. Froelich was invited to address the committee during early June hearings.
- Froelich's testimony provided the committee members with an overview of the status of rural Great Plains communities and the region's demographics. Both topics were covered extensively during the Great Plains Population Symposium Project's events in Bismarck last fall and on the campus of Dickinson State University this past spring.

April Youth Summit Held on Dickinson State University Campus

- An April 24 youth summit involved representatives from 25 western North Dakota high schools plus student representatives from Dickinson State University as part of the newly formed Campus/Community Conversations with Youth group.
- Campus/Community Conversations with Youth is a program designed to help give the youth a voice within the region.
- The program is a response to findings from the October 2001 Great Plains Population Symposium Project symposium in Bismarck, which was sponsored by Dickinson State

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University. The program brings two to five representatives from each of the high schools in Stark County together with four representatives from the Dickinson State University student body to discuss youth involvement in community issues.

- This Youth Task Force was charged with serving as a planning committee for the youth summit. Topics discussed at the summit included: **1. job opportunities, 2. services, 3. entertainment, 4. recreation, 5. education, and 6. "Quality of Place."** Students also participated in workshop groups. During these sessions, students indicated a few ways in which youth can help create a "Quality of Place."
  - **Take advantage of assets in the region.**
  - **Get involved in local government.**
  - **Create awareness of job opportunities.**
  - **Present a positive attitude.**
  - **Create unique activities in their community.**

Entrepreneur Seminar Expands In Second Year

- The Second Annual Entrepreneuring in North Dakota Seminar came to the campus of Dickinson State University on April 25-26, bringing with it a host of nationally recognized speakers and successful North Dakota entrepreneurs in an effort to promote new business start-ups within the state.
- With the financial support and inspiration from Jerome and Rosie Strom (alumni) much of the rationale for expanding this year's entrepreneurship seminar sprang forth from October's Great Plains Population Symposium Project in Bismarck.
- The 2002 entrepreneurship seminar represents a significant expansion from last year's event. Started as a 90-minute event in 2001, the Entrepreneuring in North Dakota Seminar has grown into a major campus event stretching over parts of two days. The focus of this year's seminar was on women and youth in business.
- Dickinson State University is now a formal partner with the **National Center for Rural Entrepreneurship** thanks to its focus on entrepreneurship.

Dickinson State University Continues Record Enrollment

For the seventh consecutive year, Dickinson State University achieved record-setting enrollment at the institution, according to data recorded during September's official count. The University reported an enrollment of 2,326 students this fall.

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Approximately 86 students enrolled at DSU this year are international students. Twenty-six foreign countries are represented within the student body.

Dickinson State University Expands Accelerated Degree Completion Program

Dickinson State University, through a new partnership with Williston State College, began offering the newly established Accelerated Bachelor's Degree Completion Program in the Williston area in 2001-2002. The program provides Williston-area students another way to earn their bachelor's degree through Dickinson State University and joins similar existing university-sponsored programs in Bismarck and Dickinson.

- The degree offered through the Accelerated Degree Program is a bachelor of university studies, which will allow an emphasis in any academic area. The program is built upon general education required course work and allows students to choose the upper level courses that hold an interest to them.
- A total of 181 students took advantage of the accelerated degree option during the 2001-2002 academic year – 76 in Bismarck, 88 in Dickinson, and 17 at Williston. At the same time, the Dickinson and Bismarck programs graduated 39 students in May.

Global Awareness Efforts Broadened

Dickinson State University expanded its Global Awareness programs in 2001-2002 with expanded study abroad opportunities, a student/faculty exchange program and the opening of the Center for Multicultural Affairs.

- A total of 19 students took advantage of the opportunity to attend summer courses at Wroxten College in England. Seven more students went to Mexico over the summer months, while one student studied in Kazakhstan at Kimep University as part of the student/faculty exchange program.
- The University also opened the Center for Multicultural Affairs. The center assists international students, as well as students from diverse cultures.

DSU teams with Department of State for Global Access Project

Dickinson State University has been selected as one of 10 universities nationwide to participate in a Global Access Project in cooperation with the U.S. Department of State. The focus of the project is to create a series of modules and program opportunities on a range of topics such as the craft of diplomacy, negotiating treaties, political, economic, regional and consular issues.

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Additional institutions participating in the program include Ball State University, Georgia Southern University, Old Dominion University, Portland State University, South Dakota State University, Troy State University, the University of Nebraska-Omaha, the University of Wisconsin-Whitewater, Western Connecticut University, and the University of North Carolina system.

The goals of the project are to increase American college students' understanding of international affairs and the work of the Department of State and to stimulate interest in careers in the fields of international relations and public diplomacy. Parts of the program will also reach out to the community and the public schools in the region.

Dickinson State University Adds More Theodore Roosevelt Scholars to Program

- Dickinson State University added 29 students to the Theodore Roosevelt Honors/Leadership Program starting in the Fall 2002 semester. The program is the most prestigious on campus and incorporates leadership development in a unique learning community comprised of some of the top high school students in and out of the region.
- Christened in the fall of 2000, the Theodore Roosevelt Honors/Leadership Program is designed to develop leadership skills, broaden the scholars' perspective and enhance the students' potential in order to maximize their advantages as they pursue graduate school and workforce options after graduating from Dickinson State University. Students in the program must have either an ACT score of 26 or better or a 3.5 high school grade point average or higher. Dickinson State University now has 78 students from nine different states and six foreign countries in the program.

International Flag Plaza Breaks Ground

- Ground has been broken for the International Flag Plaza and the Alumni Walk of Pride at Dickinson State University. Friends of the University gathered on May 4 to commemorate the start up of construction on the International Flag Plaza project.
- The event kicked off with a parade of international flags presented by members of the Student International Club and remarks were provided by representatives of the Dickinson State University Foundation, DSU students, and President Lee Vickers. The colorful festivity was held as a part of the first annual Donor Recognition Celebration and the 50th anniversary of the Foundation.
- Located between the Student Center and Selke Hall, the International Flag Plaza will feature international flags representing the various home nations of Dickinson State

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University students, benches, decorative planters and trees. The dedication ceremony for the Flag Plaza is tentatively scheduled for May 2003.

Diversity Valued, Emphasized

- Diversity was the watchword on the campus of Dickinson State University this year as a cultural advisory committee on campus worked hand-in-hand with members of the faculty and staff in reviewing the curriculum and suggesting opportunities for incorporating additional diversity elements.

- Dr. Debra Humphreys, the vice-president for communication and public affairs with the American Association of Colleges and University, spoke to the faculty and staff during orientation activities at the start of the 2001 school year. Humphrey's talk highlighted some of the positive effects of diversity within coursework and the student body, as well as a variety of curriculum options to maximize diversity issues.

- Dr. Jerry Gaff, Vice President of the Association of American Colleges and Universities and one of the nation's foremost experts on general education, presented DSU with a variety of examples of exemplary curriculum from around the nation. He noted the benefits to students that are created by internationalizing curriculum, incorporating diversity and technology to aid learning, and developing more quality and coherence in the general education curricula.

- Fall 2003 enrollments reflect the most diverse student body in the University's history with 86 international students representing 26 countries.

President Vickers Travels to China to Establish Dual-Degree Program

Dickinson State University President Lee Vickers journeyed to China along with Chancellor Larry Isaak of the North Dakota University System, Vice President Les Wong of Valley City State University, and Vice President Gary Hagen of Mayville State University to establish agreements for a dual-degree program with sister institutions in China. The trip took place in the spring of 2002. Under the dual-degree program with Dickinson State University, Chinese students will attend universities in their home country for one or two years, then come to Dickinson State University for a summer, two consecutive semesters, and another summer session, where they will be enrolled in a University Studies major.

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- A total of 13 Chinese universities signed agreements with Dickinson State University to provide students for the dual-degree program.
- As of fall 2002, DSU had nine Chinese students enrolled on campus.

Employment and Graduate School Placement Rate Exceeds 98%

According to the latest Career Services Report at Dickinson State University, 98.5 percent of all 2000-2001 graduates had successfully obtained employment or were accepted to graduate professional school by the end of October 2001. The report for 2002 indicated a placement rate of 98 percent. Of those graduating, **11% went on to graduate school.** This represents the highest level of graduates attending graduate school in history of the University.

Placement Rates **2002 - 98%** **2001 – 98.5%**	**Graduates Employed in North Dakota** **2002 – 76%** **2001 – 68%**
Non-Resident Graduates employed in ND *Dickinson State University Graduates* **2002 – 40%** **2001 – 16%**	**Graduates enrolled in Graduate School** **2002 – 11%** **2001 – 7%** **2000 – 4%** **1999 – 3.6%**

Dickinson State Signs Agreement for SPICE Network

A consortium consisting of Dickinson State University and five southwestern North Dakota High Schools signed the paperwork finalizing the Southwest Pipeline of Information for Communities and Education (SPICE), turning a two-year dream of long-distance learning in the region into a reality. Representatives from all seven entities involved formalized the consortium with a joint powers agreement.

- SPICE consists of an interactive video network that will allow participating schools to engage in long-distance learning opportunities that otherwise would not be available.
- Dickinson State University officials note SPICE will help increase access to dual-credit and university classes. SPICE will also allow rural school districts to enrich their curriculums with courses that they will now be able to offer through a sharing of teachers and faculty.

Murphy Hall Project Placed Atop Building and Renovation Project Priority List

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The renovation and expansion of Dickinson State University's Murphy Hall was listed first among 11 building and renovation projects across the state on the North Dakota State Board of Higher Education's priority list. The designation identifies the project as the most vital one statewide in the eyes of the board's members.

Home to the University's chemistry, biology, and physics departments, the Murphy Hall renovation project is estimated to cost nearly $9.8 million.

- Of that amount, $5.9 million would be assessed during the 2003-2005 biennium for which the priority list covers.
- The remainder of the costs would be incurred during the 2005-2007 biennium as the project is conducted in two stages.
- The proposed renovation and expansion project for Murphy Hall represents the first major upgrade to the science facility since its construction in 1963.
- The project calls for increasing the size of the existing building, from 26,592 square feet to 57,384 square feet.
- Much of the additional space would be used to expand and upgrade laboratory and lecture facilities in the building, enabling a greater use of new technologies.
- The existing Murphy Hall structure would be completely renovated as well to address space and ventilation issues.
- Stage one of the project, from 2003-2005, entails the construction of the Murphy Hall addition while, at the same time, allowing the existing structure to continue to be used for classroom and laboratory instruction.
- Stage two of the project, which would begin in 2005, will see class activity move into the newly constructed addition while workers begin the task of renovating the original section of Murphy Hall.

DSU has conducted comparison studies on the project's square footage and laboratory space. These reports indicate the proposed project falls within national standards of comparable institutions.

Approval Received for Whitney Stadium Project

Dickinson State University received approval during the 2000-2001 Legislative Session to begin raising money to make significant enhancements to Whitney Stadium. With Legislative approval, the University can now begin raising the estimated $5-6 million needed to fund the project.

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Plans for Whitney Stadium's renovation include:

- a resurfacing of the track and jumping areas,
- the installation of a new drainage system,
- stabilizing or replacing the seating in the stadium,
- installing artificial turf on the football field,
- improvements and expansions to concession areas, restrooms, the press box and the lobby area,
- the addition of storage space and locker room facilities at the stadium site,
- the replacement of any existing retaining walls that are determined to be failing, and
- improvements to the parking lot and stadium access routes.

Additional design goals call for:

- modifying the existing track and field configuration,
- upgrades to the sound and lighting systems, as well as the power infrastructure.

Dickinson State University Receives Title II Grant for Education Training

Dickinson State University has received two Title II grants (formerly Eisenhower Grant) totaling $148,204 for the purposes of providing educational opportunities for western North Dakota teachers and university education instructors on setting challenging academic standards which clearly identify what we want students to know and be able to do.

Open to all public and non-public schools and consortia in western North Dakota, the program will provide staff development to the region's schools in the areas of content standards, achievement standards, teaching strategies, alignment, assessment, curriculum writing and mapping, and other related topics.

- Funds provided from the grant would be used specifically to cover the costs of workshop and course design and instruction associated with the project.
- The grant also includes $95,113 for each of the next two years contingent upon their availability of funds.

Dickinson State University hosts No Child Left Behind Informational forum

Dickinson State University served as a hub for information on new federal education guidelines by hosting a forum on the new No Child Left Behind Act in the fall of 2002. Dr. Zollie

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Stevenson of the U.S. Department of Education and leader of the standards, assessments and accountability team under the Student Achievement and School Accountability programs, along with Celia Sims, special assistant to assistant secretary Susan Neuman, served as the keynote speakers for the presentation.

The No Child Left Behind Act was one of the centerpieces of legislation passed by the Bush Administration. The act impacts K-12 school districts and teacher education programs across the nation. Stevenson and Sims will focus their remarks upon the role of the University and K-12 districts within this new legislation.

Stevenson and Sims addressed the accountability issues, which have been placed on K-12 schools to help all students achieve high standards, as well as the expectations placed upon universities to prepare teachers to meet this challenge. The pair held informational sessions with students from Dickinson State University's teacher education department, Dickinson State University teacher education faculty members, departmental chairs and deans, the region's K-12 administrators and teachers, and area school board members.

Dickinson State University Receives BRIN Grant to Help Support Biology Department

- Dickinson State University received a Biomedical Research in North Dakota (BRIN) grant for the purpose of attracting additional students into the biological sciences at the institution, and ultimately to introduce them to the field of biomedical research.
- The grant will provide $73,000 to the University by the fall 2004 semester with additional dollars anticipated for future years. The funds will be used to renovate room 207D in Murphy Hall for use as a tissue culture lab, to support a poster session and paper presentations both on and off campus, as well as provide funds for student summer research field trips. Scholarship money for those participating in the program will also come from BRIN grant funds.
- Dr. Lynn Burgess, associate professor of biology at Dickinson State University, will oversee this program. The goal of the BRIN grant is to help develop a student-oriented biomedical research program on campus. The BRIN grants are designed to help attract students into the field of biology and ultimately attract quality students into careers in the biomedical field.

Red River Research Corridor

Dickinson State University faculty and students will have the opportunity to participate in research projects as part a proposed Red River Research Corridor. Plans envision the creation of a world-class research corridor along the Red River Valley of North Dakota, eventually expanding

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into Manitoba and South Dakota. Anchored by the University of North Dakota and North Dakota State University, the Red River Research Corridor will seek to spawn new industry, economic development, and jobs throughout the region.

As part of the project, all schools in the North Dakota University System, including Dickinson State University, are expected to have faculty participate in research and other scholarly activities of the Red River Research Corridor. The project also will establish the opportunity for undergraduate students from Dickinson State University to participate alongside the state's faculty members on research projects.

Agricultural Studies Degree Program Proves Popular

- Over 115 students have enrolled in the agricultural studies degree program at Dickinson State University during the initial two years of the program. The degree option, developed in cooperation with North Dakota State University, enables students to tailor their degree in the areas of natural resource management, integrated ranch management or business and marketing.
- Of the first seven students to receive four-year agriculture degrees from the University, four are participating in graduate programs at North Dakota State University. All four were offered research assistantships.

Equine Management Becomes DSU's First Online Option

Dickinson State University, in conjunction with the Global Equine Academy, announces the creation of a two-year associate degree option in equine management. The two-year program will result in graduates being awarded the associate degree in ag sales with an option in equine management. Of particular significance is the fact that this is the first totally online associate degree option in equine management anywhere in the nation. A total of 28 students are enrolled this fall.

Students electing the equine management option will:

- take 20 credit hours of on-line courses through the Global Equine Academy, and
- be required to take nine credit hours of core courses for the DSU agriculture department in the agricultural sales and services major and an additional 39 credit hours to complete their general education requirements.

Conference Showcases Collaborative Research Efforts at DSU

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- A total of 20 student-faculty research projects were showcased at the first-ever Undergraduate Research Conference on the campus of Dickinson State University. Held in late-April of 2002, the conference allowed students to showcase their research efforts and findings from throughout the course of the year.
- The Conference serves as the culmination of an increased effort by Dickinson State University to place faculty and students side-by-side in collaborative research endeavors. Dr. Andrew McGarva, assistant professor of psychology, chaired the Collaborative Research Project. Foundation funds were provided to help defray research-related costs in many of the projects displayed during the conference.
- Students participating in the conference delivered poster presentations of their research. Some also provided PowerPoint presentations in the Student Center ballrooms and responded to questions following their presentations.

University Participates in Assessment Initiative

In an effort to determine whether Dickinson State University is delivering a quality of education similar to that offered elsewhere in the nation, the institution has participated in a number of assessment programs within the past year.

The National Survey of Student Engagement compares Dickinson State University with institutions throughout the nation. The comparison is designed to check how academic perceptions and rigor compare with comparable universities.

Dickinson State University participates in the Collegiate Academic Assessment Program (CAAP), which measures student performance on critical thinking in the freshman and senior years and compares the results against a group of peer institutions.

The University uses the ETS Academic Profile, a national standardized exam that examines how effectively Dickinson State University achieves its learning outcome goals within the general education core classes.

The First Year of College survey is also utilized to obtain research data on freshman.

Retention/Advisement Efforts Continue

Dickinson State University continued to place a high priority on student retention. Retention programs included:

- All incoming freshmen now participate in Freshman Seminar. Their freshman seminar instructors also advise students.

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- Dickinson State University was the first institution in North Dakota to group students together within Learning Communities. These communities help to foster bonds between students by allowing students with similar major interests to be grouped together in basic core classes during their first semester on campus.
- Dickinson State University has also frontloaded activities, placing several campus-involvement activities toward the start of the fall semester in an effort to increase student participation in activities.
- A Wellness Program on campus provides wellness activities and educational offerings for students.
- A Service Learning Program was designed to encourage students to become involved in the greater Dickinson community.

DSU Partners with North Dakota, Swedish Companies in Strength Training Research

Dickinson State University, Frappier Acceleration Sports Training of Fargo, and Agaton Fitness of Boden, Sweden, are partnering to conduct extensive research on human strength development and athletic performance at the Ben C. Frank Human Performance Center in Dickinson.

- Frappier Acceleration Sports Training donated approximately $10,000 in strength training equipment to Dickinson State University during a November press conference announcing the entities' continuing research endeavor.
- Approximately 50 student-athletes participated in phase one of the research project over the summer and fall months, testing an Agaton Fitness machine that allows the amount of weight being lifted to be changed easily and safely mid-lift. Preliminary results demonstrated that those students using this revolutionary machine increased their maximum weight lift scores by 35-47 percent overall -- significant numbers in the strength training field.
- Phase two of the research project will involve another 50 student-athletes. The results of the study will be presented for publication in a national sports training journal.

Business Challenge Celebrates 25th Anniversary

The Business Challenge program at Dickinson State University passed a milestone over the summer by celebrating 25 years of "Takin' Care of Business." The phrase, which served as the theme for this installment of the summer program, was also a true statement. The program has

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successfully attracted students to the University to teach them about business and entrepreneurship for the past quarter-century.

Served by Minnesota Vikings fullback and tight end Jim Klinesasser as ambassador, the 25th-anniversary of Business Challenge featured several informative and educational talks about business, leadership and entrepreneurism. Corporate scenarios, business tours, mock marketing plan competitions and several other games and activities highlighted the weeklong event.

University Partners with Medora Foundation to Promote Historic Community

Recognizing the importance of tourism to North Dakota's future, Dickinson State University has engaged in a collaborative project with the State Humanities Council, the State Historical Society, the City of Medora and the Medora Foundation. Through the project, Dickinson State University provides students to serve as interpreters of Medora's storied history during the summer months.

As a result of the project, Dickinson State University helped to develop an hour-long walking tour of Medora. The tour began in the summer of 2001 and takes participants on an eight-block circuit where they can witness the historic buildings of Medora, as well as experience historical vignettes based upon actual characters from Medora's history. The program was expanded in the summer of 2002 to include a theatrical re-enactment of the murder trial of the Marquis de Mores, staged in the old trial room of the historical Billings County Courthouse.

Symposium at DSU Kicks Off C-SPAN Broadcast Weekend

Dickinson State University helped showcase southwestern North Dakota by sponsoring a celebration weekend commemorating President Theodore Roosevelt as a writer and former resident of the North Dakota Badlands.

Hosting a symposium entitled "Theodore Roosevelt as a Western Writer: Lessons Learned in the Badlands," Dickinson State University opened the three-day celebration in August 2001, which culminated with a live broadcast by C-SPAN from historic Medora and Theodore Roosevelt National Park. Appearing during the symposium were:

- professional Theodore Roosevelt impersonator and DSU graduate Mark Klemetsrud, now a member of the faculty at the University of Nebraska at Lincoln;
- Tweed Roosevelt, great-grandson of the 26th President;
- Dr. H.W. Brands, a noted historian and author on Roosevelt; and
- Dr. Jeff Smith, a noted scholar and member of the Great Plains Chatauqua, who performed in the role of Andrew Carnegie for the event.

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The weekend continued with many of the symposium's attendees participating in other events in Medora and at Theodore Roosevelt National Park, including a bus excursion to the historic Elkhorn Ranch, an evening of fine dining at the Chateau DeMores, a community center luncheon, Pitchfork Fondue and the Medora Musical.

Co-sponsoring the weekend's activities with Dickinson State University were:

- Theodore Roosevelt National Park;
- the Theodore Roosevelt Medora Foundation;
- the North Dakota Humanities Council;
- the State Historical Society of North Dakota and Foundation; and
- the North Dakota Tourism Department.

Arts Roundup Participation on the Rise at DSU

The fourth-annual Arts Roundup on the campus of Dickinson State University attracted more than 4,500 visitors last July. The event was held in conjunction with the community-wide Roughrider Days celebration.

The 2002 version of Arts Roundup featured a variety of events. Puppet workshops, a Termesphere "six dimensional art" display and quilting demonstrations added to the atmosphere of the weekend and drew crowds. Additional highlights included a variety of display booths featuring a broad array of artisans and their crafts, a quilting display inside the Student Center, puppet shows, children's activities, food booths, and featured pavilion entertainers Chuck Suchy and Judith Simundson.

Arts Roundup seeks to celebrate the diversity of the West River Region of North Dakota by providing artisans with a venue to display and market their work and by promoting an appreciation of the region and its cultural values.

Heart River and Latte and Literature Programs Started

Dickinson State University opened a pair of literature-appreciation programs on campus during the 2001-2002 school year with the Latte and Literature book discussion group and the Heart River Writers' Circle.

- The Latte and Literature program brings members of the campus community and the Dickinson community at large together for a series of book discussions in the University's Student Center. The list of books used in the Latte and Literature series is being

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developed in part from the regular column "What They're Reading on College Campuses" that appears in the Chronicle of Higher Education.

- The Heart River Writers' Circle goes one step further, bringing to campus significant contemporary writers whose work interests a wide range of readers on the northern plains. The program featured Larry Woiwode, Dan O'Brien and Clay Jenkinson during the spring of 2002.

Preservation North Dakota Identifies Elks Building as Priority

The former Elks Building in downtown Dickinson ranks among the three most endangered historic buildings according to Preservation North Dakota, the state's leading preservation organization.

- The announcement coincided with National Preservation Week and Preservation North Dakota's annual meeting held on the DSU campus. Serving as emcee for the press conference where the announcement was made was Deanna Vickers, wife of Dickinson State University President Lee Vickers, a member of Preservation North Dakota's board and advisor emeritus to the National Trust for Historic Preservation. Vickers has also been appointed by Governor John Hoeven to the State Historical Society of North Dakota Commission.
- Originally constructed in 1912, the Elks Building served as the original home of Dickinson State University from 1918 until 1924. The Dickinson Elks Lodge owned the building until 1979.
- The Dickinson State University Foundation has expressed interest in redevelopment of the Elks Building due to the historical tie with the University. Spearheaded this effort is Foundation board member Paul Ebeltoft, Jr. The Foundation's goal is to enhance the downtown business area of Dickinson through redevelopment of the building. Possibilities for the Elks Building include using the facility as an art gallery, a community and university meeting facility, or to locate the Dickinson State University Alumni offices in the downtown area.

Aasand's Shakespeare Project Receives National Endowment for the Humanities Grant

Dr. Hardin Aasand has served as one of the four principal scholars compiling a variorum – a compilation of the various versions of a written work – for Shakespeare's "Hamlet." The undertaking has already spanned some eight years and the project was recently approved for its third grant from the National Endowment for the Humanities. In another three years, the tome should finally be ready for publication.

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Aasand predicts that once the project is published, in late 2004 or early 2005, that it will almost immediately become "the scholarly work for Hamlet in the 21st Century."

In addition to the bound volume of the variorum, the project is also working on a computer database so that subsequent changes can be logged in automatically and added to the versions already documented.

Governor Hoeven Opens Excellence in Education Tour at Dickinson State

North Dakota Governor John Hoeven started a statewide Excellence in Education tour on the campus of Dickinson State University in early November. The tour was designed to highlight the contributions North Dakota's educational institutions are contributing to their region and the state. While on campus, the governor met with student leaders, attended a luncheon, and received a firsthand report about several of Dickinson State University's key programs.

Accreditation Agencies Give DSU Stamp of Approval

One of the measures of quality in academics and a measure of accountability is accreditation by outside national educational agencies. Dickinson State University is fortunate to enjoy full accreditation from a number of such entities, including the Higher Learning Commission, which granted Dickinson State University the maximum 10-year full accreditation status in 1994. Additionally, specific programs within the University have received specialized accreditation.

The Teacher Education program at DSU received a maximum four-year accreditation from the National Council for Accreditation of Teacher Education in 1998. The Department of Nursing is accredited by the National League of Nursing for Accreditation Commission, which approved both the LPN and RN programs. The North Dakota State Board of Nursing also toured campus during the spring of 2002 and granted full approval to the nursing programs on campus.

Dickinson State University's music department has applied for accreditation by the National Association of Schools of Music. The program is scheduled to be reviewed for accreditation sometime in 2003.

Winter Inservice Attracts 700 Teachers to Campus

The second-annual Winter Inservice for Educators sponsored by Dickinson State University's Department of Education, the West River Teacher Center, the West River Special Education Unit, and member schools took place Jan. 21.

- The event attracted approximately 700 educators from throughout the western North Dakota region.

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- Alfie Kohn, a widely renowned writer and lecturer on the subjects of human behavior, education and social theory, served as the keynote speaker for the event.

New Uniforms Provide Dickinson State University Marching Band with Unique Look

When the horns blared on the Dickinson State University campus this fall, it wasn't to sound the charge of the Roughriders – but you can hardly blame folks if they get that impression the first time they see the Dickinson State University marching band in their new uniforms.

The fall 2002 semester, Dickinson State University's marching band revealed a snappy new look that makes it instantly recognizable among its counterparts from across the northern plains region. The new uniforms, meticulously patterned after the attire worn by Teddy Roosevelt's Roughriders, represent a sharp departure from the blue sweatshirts and light-colored pants worn by band members this past season. The Roughrider uniform was made possible by a generous lead gift from Willa Rustand of Dickinson.

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Appendix

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Executive Summary
Great Plains Population Symposium
October 15-17, 2001

The Great Plains Population Symposium, made possible through a federal appropriation secured through the leadership of Senator Byron Dorgan, was held in Bismarck on October 15-17, 2001. The primary objective of the Symposium was to develop national policy recommendations which, if implemented, would facilitate rural development, thereby stemming depopulation. The Symposium steering committee included representatives from universities in North Dakota, Iowa, Montana, and Colorado. Dickinson State University was the lead institution.

Feedback, both formal and informal, from the 260 registered participants, clearly indicates that the Symposium was a great success. The presenters did an outstanding job of providing a wealth of information. Senator Dorgan's charge was to bring together the nation's best scholars in the area of rural depopulation, and I think we met that challenge. We had an excellent turnout and the majority of the individuals stayed for the full three days. Participants included citizens from throughout the Great Plains, although the preponderance of participants were from North Dakota. We also had administrators, faculty and students from several universities, e.g., The University of North Dakota, North Dakota State University, Minot State University, Valley City State University, Mayville State University, University of Mary, Bismarck State College, North Dakota State College of Science, Kansas State University, The University of Montana, Emporia State University in Kansas, Colorado State University, and Dickinson State University.

The second Symposium, which will deal with local, state, and regional policy, will be held at Dickinson State University on April 11-12, 2002.

Outlined below, please find some of the salient points and/or key themes of the Symposium presentations. This outline is not intended to be a comprehensive or inclusive account of all of the significant points discussed by the presenters.

"Quality of Place"

- "Quality of place" is the key to a successful future in the new economy. People will choose to remain in or move to a location not only because (and sometimes not at all because) it has a desirable job opportunity, but also because it is a nice place to live.

- Successful communities have key attributes: community controversy is accepted and public debates can take place without personal rancor; schools have a major focus on academics, not sports; The community has adequate financial and social capital so that local people are able and

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willing to join together in pursuit of common goals, tax themselves and make private investments in community developments, and share risk. Social capital occurs in a community when there is open communication, inclusivity, mutual trust, shared ownership in the community, and dispersed flexible leadership.

- A community or business will prosper if it becomes good at change and if it understands well and caters to what people want. People like diversity of options, ideas, and people. Diversity is an essential ingredient of "quality of place."

- Given the national demographics, it is reasonable to assume that future growth resulting from in-migration will include a significant number of minorities and immigrants. This infusion of culturally diverse citizens may be problematic given the current lack of diversity and related narrowness of attitudes and experience with diversity of many who now live in the isolated rural communities of the Great Plains.

- The projected growth in the U.S. college-age population (those 18 to 24 years old) between 2001 and 2005 is over four million. Most of this growth – 95.6% - will be in non-white population groups.

- Locals need to think and act regionally, and develop a clear understanding of their regional identity and its strengths and opportunities. They must be willing to reach out to, work with, and learn from other communities. To improve their "quality of place," the most important assets for communities to develop are recreational, cultural, medical, and educational.

- In a study conducted by the University of Montana Business Research Center, the primary reasons cited by those moving away from the Great Plains was: 1) a lack of infrastructure and services; 2) a lack of things to do; and, 3) adverse social conditions rather than employment-based reasons. 71% of those who had moved said that it was very unlikely that they would return to their hometown. If those who checked somewhat unlikely are also included, the response rate was 81%. Those who have returned to the rural Great Plains or are willing to consider returning to the Great Plains tend to be motivated by family issues. Although jobs are important, they are not enough by themselves to attract and hold people.

- Increasingly, it is "outsiders" (economically, socially, and culturally) who come in, take up the "messy" work that many in our society are no longer willing to do. These people are becoming the new source of economic energy and renewal. We must become receptive and supportive to immigration.

- The population is clearly aging and less than one-third of U.S. homes include a child. There is a growing potential for competition between the aging population and youth over public resources that could become a major issue for efforts to support education or recreational facilities.

- The quality of life in rural communities can be significantly improved by providing better health care, a richer mix of entertainment and cultural activities, and improved transportation.

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- "Quality of place" as it applies to university campuses would include the following elements: 1) campus environment must be truly value added; 2) contribute to a liberating experience that opens new doors; 3) provides collegial interaction; 4) builds a capacity to be an entrepreneur or effective employee and socially responsible citizen; 5) includes the diversity necessary to attract and retain talented students and faculty.

- The Just-in-Time learning demands of members of the "New Economy" workforce require an almost overnight response to very specific employment sector needs. The current 16-week semester delivery system for degree seeking students does not fit the needs of employees or employers who want to stay ahead of the curve in a specific area.

Entrepreneurship

- Creative leaders and active entrepreneurs are critical. Women and young people are the most active entrepreneurs nationally. The proportion of women-owned businesses has gone from 1% in 1969 to 40% today.

- Energized, risk taking leaders and entrepreneurs are often among those who have chosen to leave because of the stagnant environment and perceived lack of opportunities.

- Nations, communities, and firms that prosper constantly invest in creating new competitive advantage rather than protecting old advantage. Risk-taking entrepreneurs are one of the keys to the continual seeking. Rural economic policies must not focus solely on protecting vested interests, but must foster new interests as well.

- Rural America can have a bright future if we invest time, energy, and resources in economic development strategies that support and encourage entrepreneurship and build local enterprises and wealth. Providing an environment that promotes and supports entrepreneurs and innovators (e.g., acceptance of failure, technical assistance, streamlined public programs, equity capital funds) is a critical factor in this future focused paradigm. Six in 10 rural communities are looking for new economic engines. Four out of 10 are doing well.

- It is critical that we develop a new generation of entrepreneurs who want to live in rural areas. They must be educated about risk, opportunities, and the skills needed to succeed. Successful entrepreneurs should be strongly encouraged to serve as role models and mentors for interested youth.

- We must develop alternative venture capital organizations that can operate successfully in rural areas where there may be greater risks or lower financial returns. They must seek not only financial return, but also social and economic development.

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Rural Policy

- ⇨ America would benefit from a strong rural policy that would help protect and restore the rural landscape, prevent greater urban overcrowding, preserve community culture and values, and produce well-educated future citizens.

- ⇨ 80% of the population in the U.S. lives in the suburbs and the majority of political power is there. Consequently, it is not surprising that rural America often must live with "one size fits all" policy designed to address suburban issues. Given the 80% - 20% power base advantage for suburbia, it is not easy to pass meaningful national policy that is consistent with critical rural needs and issues.

- ⇨ New rural policy must include: 1) new framework; 2) new goals; 3) new programs; 4) new initiatives and governance.

- ⇨ We must create relationships among various interests and with suburban residents that identify and build on common interests and foster mutual understanding and support. The creation of positive rural policy will depend on our ability to develop a unified constituency for rural America.

Talent Attracts Talent

- ? Universities are a magnet for talent and a key to future development and prosperity. As the economy becomes more global, skills and cumulative learning of the work force become the key to both local and national competitiveness.

- ? The prevailing culture in the rural Great Plains tends to promote the status quo at a time when bold new ideas are needed to address challenges related to the new economy.

- ? 21st Century challenges require 21st Century responses.

- ? Universities must focus on drawing in and creating the talent that is needed for local economic prosperity. We must establish "brain trusts" or mutually reinforcing relationships between universities and the local economies of communities in rural areas.

- ? Universities must reach out to the communities in their areas and become catalysts for improving "Quality of Place" and building social capital.

- ? Communities and/or regions that are prospering are served by engaged, interactive colleges or universities.

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- Universities, state and federal agencies, and the private sector must develop and promote creative and innovative partnerships that maximize resources, demonstrate the benefits of cooperative ventures and promote and contribute to the "quality of place."

Cooperation and Collaboration Is Critical

- At a time when cooperation and collaboration is critical, the Great Plains culture and customs tend to promote and value strong, independent people who may not understand the need to work together as a community. This can be an impediment to the development of needed social capital.

- The greatest impediment to success on the Great Plains may be a lack of self-confidence, not fully understanding and affirming the benefits of living and working here and/or it may be the strong desire on the part of some citizens to maintain the status quo rather than take risks or share the quality of life they feel they enjoy.

- Many citizens who have stayed in the Great Plains tend to look backward toward the diminishing economic opportunities of the past rather than forward to new types of economic opportunities. Changing this behavior requires a significant cultural change.

- There is an increasing sense of urgency regarding the stemming of outmigration in rural America. If definitive action is not taken within the next three to five years, it will be too late.

Technology and Rural Development

- New technologies hold promise for rural revitalization. (Requires technological infrastructure and significant training.) Higher education, state and federal government, and businesses must form partnerships to address this issue. In addition to direct aid and incentives, they can spur the growth of new technology infrastructure in rural communities by combining their purchasing power to become the "anchor customers" of new information utilities.

- To maximize the opportunities made available through the utilization of technology, rural entrepreneurs and businesses need: 1) broadband access; 2) e-business clusters; 3) access to continuing education and training.

- Internet usage among this year's incoming college freshmen class (2001) has nearly doubled in the four years since they started high school. Four out of five students turn on their computers instead of the radio (57%) or the television (55%) to get their news and information. The Internet is their preferred method of communicating with the world.

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- Unique federal programs like REAP (Rural Economic Area Partnership) are attempting to address this issue in a variety of ways. However, even those programs that are designed to address rural needs are thwarted by regulations designed to address urban and suburban needs, e.g., unemployment rates – one size does not fit all!

Rural Policy Development Is Not Synonymous with Agriculture Policy

- "Rural" is much more than agriculture, and the future success of our nation's family farms are critically linked to the economies of rural communities. Only 6.3% of rural Americans live on farms, and farming accounts for only 7.6% of rural employment. Ninety percent of rural workers have non-farm jobs. In 1999, 90% of all farm operator's household income came from off-farm sources. Only 0.39% of the U.S. population is engaged in farming as a primary occupation, and only 1.78% of the U.S. rural population is engaged in farming as a primary occupation.

- In agriculturally dependent counties, or rural areas where agriculture is the dominant sector, as in most of the Great Plains, we are literally in "crisis."

- Production agriculture of specialty crops and value added agricultural products will be more important and effective for supporting rural communities than commodity agriculture.

Rural Health Care is a Major Issue

- The population of rural communities consists of a high proportion of elderly with chronic conditions who under-utilize health services. Many are uninsured and have a lower average income, as well as a higher incidence of specific health problems.

- The risk factors for rural health problems include adults who are most likely to smoke, adolescents who are most likely to smoke, a higher rate of alcohol consumption among adults living in non-metro counties, a higher rate of obesity for women and men, and physical inactivity.

- The mortality rates for children and young adults in most rural counties are over 50% higher than mortality rates in urban fringe counties. Ischemic heart disease is over 20% higher, and chronic obstructive pulmonary disease among men is 30% higher, in non-metro counties. The suicide rates increase steadily as counties become less urban, and infant mortality rates were highest in the south and west non-metro counties.

- Rural residents are less likely to use preventive screening services, exercise regularly, or wear seat belts. The injury-related death rates are 40% higher in rural communities. Rural residents

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are more likely to lack health insurance, and those with health insurance have higher our-of-pocket liability.

- Health is a key aspect of quality of life, and residents of rural communities must be encouraged to develop a more positive health culture as well as have access to affordable, high quality health care services.

- Health care is an important economic sector that can generate wealth within communities and should be recognized as such.

- There is an increasing shortage of rural health care professionals.

- Educational institutions should use outreach and distance education programs to train the existing rural workforce to become health care providers.

- Educational institutions should develop scholarship and grant programs as incentives to students in health care professions who wish to work in rural areas.

- Rural communities need to develop incentives and facilities to support rural health care providers such as broad band Internet capacity for tele-medicine.

- Rural health care providers must be provided with financial equity through improvements in insurance and federal medical reimbursement policies.

Rural Economy

- Rural employment is still dominated by low wage industries. In 1996, 23% of rural workers were in the service sector. Rural workers are nearly twice as likely to earn the minimum wage (12% - rural, 7% - urban). Rural workers remain more likely to be underemployed, are less likely to improve their employment circumstances over time, and are 40% less likely to move out of low wage jobs, than central city residents.

- Rural incomes remain lower than urban (1997 median: $30K+-rural, $39K+-urban). Rural poor families are more likely to be employed than those in urban areas. In 1998, 2/3 of poor families had at least one member working at some time during the year. Sixteen percent had two or more members working and 29% had one or more full-time, full-year workers, which was a 9% rise since 1996.

- While the economy of rural America, in general, has improved, persistent pockets of intractable rural poverty remain. In general, poverty rates are higher in rural than urban areas (15.7% rural and 12.6% urban, 1997). In the last three years, metro poverty levels have slowly decreased, while rural levels are unchanged. While the rural poverty rate declined by 1.5% between 1997 and 1998, the rural rate is still at 14.3%, while the urban rate is 12.3%. Seven and one-half

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million rural residents live in poverty and an additional 11% live close to poverty. Rural poverty is working poverty, with two-thirds of the rural poor living in a family with at least one member working. Child poverty is higher in rural areas, and over half of rural children in female-headed households are living in poverty.

- Diversification of local economies into industries that require highly skilled workers, continuing education and workforce training, and economic development efforts based on a "Quality of Place" model that does not rely primarily on the extraction of natural resources for the generation of wealth are keys to increasing the opportunities for rural residents.

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The Great Plains Population Symposium on National Policy for Addressing Population Loss in the Great Plains. A Brief Synopsis

The Great Plains Population Symposium on National Policy for Addressing Population Loss in the Great Plains was held on October 15, 16, and 17 2001 in Bismarck, North Dakota. Presentations at the symposium focused on a number of trends occurring in Great Plains as well as a number of ideas about how to revitalize the region.

The symposium generated a wide variety of ideas through both the formal presentations of symposium speakers and through workshops during which there were less formal discussions of key issues. The full result of what happened at the symposium conference is exceedingly complex, and to an extent defies analysis. This synopsis relies on recorded portions of the event along with notes created during the workshops, published materials collected in preparation for the symposium, and from numerous conversations with various participants. While considerable and valuable detail is undoubtedly lost, this synopsis represents an attempt to compress the results into manageable dimensions by describing three general categories of results: 1) information about population trends and conditions in the Great Plains, 2) key values and principles that should guide our decisions about the Great Plains, and 3) ideas for recommended actions.

Trends and Conditions

The information presented at the symposium made it clear that there has been a consistent and continual loss of a substantial portion of the population from rural, agriculturally dependent, areas of the Great Plains. This loss has occurred for at least half a century in many areas and now threatens the well being and existence of many communities within the regions. Lower fertility and the out-migration of younger people has led to the loss of population in the rural Great Plains has been accompanied by aging of those who remain. As a result of the aging population there has also been natural population decrease in an increasing number of rural Great Plains counties where there have been more deaths than births.

Evidence showing that the health status of rural residents is lower than that of non-rural residents was also presented at the symposium. The rural health care system lags behind the nation in terms of availability, affordability, and quality. Rural health care receives inadequate support and reimbursement from government programs, and the insurance industry. There are fewer quality facilities and payments for services are lower in rural areas. It is also more difficult to find and retain physicians and health professionals who want to practice in rural areas. Rural residents are more likely to be uninsured and must often travel for even basic care. There are fewer alternatives for care in areas with low population density and it is difficult to achieve economies of scale. Costs for services and for prescriptions are often higher. The challenge of providing even basic health care has contributed to a lack of emphasis on preventive medicine and a higher proportion of rural residents who suffer from ailments which could have been avoided.

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Population loss and the shifting age structure has strained the social infrastructure in many areas making it increasingly difficult to maintain existing services for younger people and also meet the growing needs of the elderly. Population loss is also a growing constraint on the potential for rural prosperity. Out-migration leads to the loss of both people and income from rural areas, and the loss of people, especially young people, has led to shortages of new leaders, entrepreneurs, and skilled labor.

While rural areas and communities of the Great Plains are known for high levels of certain aspects of what is called "social capital;" growing shortages of leadership, increasing potential for conflicts of interest, continuing social inequality, exclusion of some groups from development efforts, and the inability or unwillingness of many rural people and communities to abandon small town rivalries have all been identified as barriers to the development of the kinds of social capital needed for successful rural developments under present economic and demographic circumstances.

The rural economy in the Great Plains and elsewhere in the United States continues to be dominated by commodity agriculture and low wage employment. Communities with local economies based primarily on the availability of low cost labor and commodities which can be produced cheaply in many places around the globe are truly involved in a global race to the bottom of the economic ladder. For those communities economic inequality and decline are likely to continue.

Although only a tiny minority of rural Americans farm as their primary occupation, there is no coherent policy aimed at rural issues other than agricultural policy and there is heavy dependence on government payments to individuals involved in agriculture. In comparison with urban America, a much smaller proportion of federal funds go to community development projects. The emphasis on individual transfer payments over funding for community development contributes to the lack of investment in rural economic infrastructure and the continuing lag in rural well being.

Although there has been job growth in some rural areas over the past decade, the economic progress of rural communities is uneven and on average rural wage earners make only about 70% of what their urban counterparts make. At present, approximately 60% of rural communities are seeking new "economic engines." New technologies are often promoted for their promise to reduce the disadvantages of rural location, however, that promise is not being realized. Rural communities continue to lag behind urbanized areas in the development of new technological infrastructure and commercial e-business enterprises. There is a digital divide between rural and urban America, and rural America lags in two key areas: access to state of the art broadband internet services and in wireless services.

It is likely that rural development efforts focus too narrowly on economic development. Although jobs are an important reason for many people to move to or stay in a community, research shows that people are most likely to come to a rural Great Plains community because of family connections. Unless forced to leave, they are most likely to stay in a community because it is a nice place to live and because of their family connections.

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The rural policies of many other western societies recognize the value of maintaining rural communities and approach rural out-migration as an issue of "social equity." Social and economic relationships are both important. The people most likely to leave rural communities are those who are the least connected to their communities, regardless of employment opportunities. They tend to be under the age of 30, live alone, and dislike the social climate and/or the lack of infrastructure and services.

People can find economic opportunities in many places, but they are most likely to stay in rural communities when they are connected to those communities by more than just a job. Rural economic development is most likely to have long term success when it fosters local entrepreneurship, leads to a high quality of life that is enjoyed by residents, creates products and competitive advantages that reflect the uniqueness of the places where they originate, and encourages collaboration among neighboring communities to enhance regional competitiveness.

It was pointed out at the symposium that if the Great Plains are to prosper, the nation needs a coherent national rural policy that goes beyond agricultural policy. Achieving such a policy is unlikely, however, because there is no unified vision for the future of the Great Plains and because the rural political constituency is fragmented and in conflict over narrow interests. It was also pointed out that the United States has become a suburban nation and that the place of rural America in today's general social order and its value to suburban Americans in particular have not been clearly articulated.

Values and Principles

At any given time, policy makers may face a wide variety of very complex issues, and those issues change from time to time. It is difficult to anticipate all of the decisions that are likely to have implications for the population and communities of the Great Plains. Yet if we are to have sustainable communities there should be some consistency. For this reason, policy decisions should be made within the framework of a broader vision for rural America that is in tune with the times but which also has consistent and ethical principle at its foundation. It is critical, therefore, that we begin to articulate the outcomes we value and the principles that will guide us.

During the course of the symposium project, a number of ideas were forthcoming that may be considered as expressions of values and/or principles that should guide policy decision making. The following ten statements summarize those ideas:

1) **Rural economic policies must not focus only on protecting vested interests, but must also foster new interests.** The policy framework for rural America must not favor one sector, one group, or one type of capital. Rural economic policies should utilize all available resources and seek to create both opportunity and equality.

2) **National policies and programs for rural America must be made more comprehensive. They must extend beyond a narrow focus on agriculture and begin to address the full range of rural people and rural issues.** Although federal agricultural policy may be justifiable on its

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own merits, it must be recognized that agricultural policy is not synonymous with rural policy.

3) **Rural America cannot be viewed in isolation from, or in opposition to, the rest of the nation.** We must have a cohesive constituency for rural America and rural policy should reflect that. Rural people and their leaders can ill afford bitter partisanship or devotion to narrow special interests. They must achieve a shared vision and form broad coalitions. They must also have political support for rural issues from the suburban population. It is critical that rural leaders articulate the value of rural America for today's nation and help rural people appreciate and accommodate the values that are likely to guide the views of non-rural Americans.

4) **The maintenance of rural population and settlements should be made an overt goal of rural policy.** Although many policies may be assumed to support rural communities, their potential impacts on rural population is seldom described or evaluated in explicit terms. If we intend to maintain the populations of rural communities, especially in farm dependent areas, we must make it an explicit goal and we must take care to insure that the array of policies which relate to rural issues do not contradict this goal.

5) **Rural policy should be "place based policy" and should focus on enhancing the opportunities and the quality of life in specific rural places.** "Quality of place" relies on a range of natural, cultural, social, and commercial amenities that characterize any given place. Rural policy should help communities establish their identities as "places" and find ways to raise the quality of life they offer. In this light, economic development efforts should attempt to develop or capitalize on unique qualities of individual rural places. Rural policy should also facilitate collaboration among neighboring communities to pursue regional projects that are beyond the grasp of a single community but that may benefit them all. Although subsidies to individuals and businesses may sometimes be necessary, a substantial proportion of public support for rural areas should be invested in developing the aspects of places necessary to support thriving communities.

6) **Rural policy must acknowledge the diversity of places, communities, and people in rural America.** In a world where people can live where they choose, the attractiveness of a place or a community is likely to rest at least in part upon its uniqueness. Although communities may share some problems in common and must all meet the basic needs of their people, they also possess their own unique qualities and face their own unique problems. Rural policy must recognize the diversity of rural America. Rural programs must have the flexibility to assist rural communities to differentiate themselves, address their unique problems, and develop competitive economic advantages based upon the unique qualities of the places where they exist.

7) **Rural development efforts should emphasize local entrepreneurship over business recruitment.** Although communities should not ignore or discourage development or investment from outside, they must be careful not to offer incentives from which they may gain too little benefit. Communities may gain a great deal more from the efforts of successful entrepreneurs with local roots. It is critical that we develop and support a new generation of entrepreneurs who want to live and work in a rural area and who have ties to the community they live in. Rural residents must be made to once again believe that they live in a land of opportunity

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where it is possible to start a successful enterprise within their own communities.

8) The nations policy should enhance the value of rural areas by encouraging the preservation and restoration of the rural landscape and support rural people as good stewards of the environment. Although rural and urban Americans may differ in their views regarding some environmental issues, both populations value high environmental quality. Most of the nations scenic and natural wealth are in rural America and rural policies should recognize and support the scenic and recreational value of rural landscapes as well as the ecological services rural areas provide for the society as a whole. Rural policies should seek to protect the quality of rural environments and enhance the economic opportunities for rural people that may stem from the unique environmental features of the areas where they live. All policies affecting rural areas should avoid the creation of perverse incentives for environmental abuse and should reward sound environmental practices.

9) Space is an important resource in the rural Great Plains. Although distance is often framed as a rural liability, it is also true that the space in rural America can be viewed as an asset. Rural space offers opportunities for developments that may be problematic for already congested urban areas. Many urban areas that are struggling to cope with increased overcrowding and congestion may benefit by forming partnerships with rural areas for a more dispersed pattern of development. While the space available in some rural places may be valuable for its potential to alleviate urban overcrowding, rural space may also offer recreational opportunities that cannot be had in more crowded urban areas. It is important, therefore, to preserve the environmental and scenic qualities of many rural places, while finding appropriate ways for rural residents to benefit from the space they enjoy.

10) Agricultural policies should seek to maintain rural settlement and help the economies of rural communities move away from a narrow dependence on the large scale production of low value commodities. Agriculture in the rural Great Plains is an important national resource. It is a foundation for the safety, security, and quality of the nation's food system. The consolidation of agriculture, however, has contributed greatly to the decline of rural communities. If communities are to recover, relatively small scale agriculture must be made profitable, and it must become possible for young people to enter successful careers in agriculture. Farm policy must support the production of higher value specialty crops, reward farmers for "ecological" services, begin to discourage further consolidation of agricultural wealth, and facilitate the inter-generational transfer of agricultural resources to younger people.

Recommendations

Perhaps the most difficult aspect of the symposium process has been the effort to develop meaningful recommendations for national level policies that could directly impact the demographic trends occurring in the rural Great Plains. There have been many good suggestions relating to a variety of important issues that may or may not actually influence the population trends. There were also acknowledgments that many of the factors driving current demographic trends are not susceptible to any sort of direct influence by government, at least not within our

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society. It was also noted that many pressing issues can only be addressed at the local level or possibly by the states. Nonetheless, it is unlikely that successful efforts to mitigate the population losses on the Great Plains will occur without the legal and organizational framework or the resources that only the federal government can provide.

The following list of policy recommendations is not a direct or comprehensive listing of the suggestions made by symposium participants but rather reflects many of the suggestions from participants in more general ways. It is an attempt to formulate a much smaller number of recommendations that are generally understandable and can be taken as more narrowly applicable to the national government. Although this list does not address every issue faced by rural people, it does attempt to address a number of key issues raised by the symposium and describes, at least in a general fashion, how the federal government should respond to what is happening in the Great Plains.

1) **A New Rural Policy Framework** Congress should begin development of coherent legislation aimed at sustaining the whole of rural communities and reconcile current farm legislation into that broader framework.

2) **Criteria for Federal Aid** Extensive population loss through out-migration should be recognized and explicitly included among the criteria that are sufficient to qualify for federal programs aimed at helping distressed communities.

3) **Equity of Payments for Services** Revise the systems used by federal programs to pay for services to insure that the quality of services and the level of reimbursement are equal between rural and urban providers. This is especially critical for health care providers, but should be enacted for any professional services that are vital to the well being of rural communities.

4) **Congressional Commission on Rural Life** Create a permanent commission on rural issues to advise congress about rural people, rural problems, new programs, and the impacts of legislation on rural communities and rural population.

5) **Public Investment in Rural Development** Expand the REAP program into a flexible system for public investment in the diverse rural development and rural infrastructure needs that exist throughout the Great Plains.

6) **Rural Technological Infrastructure** Provide incentives and direct investments to make state of the art technological infrastructure, such as broad band internet access, available to the residents of all rural areas within the Great Plains. Where possible, government agencies should also combine their purchasing power to serve as "anchor customers" in order to encourage private investment in rural technological infrastructure. The national government should promote universal access to state of the art technological infrastructure as a means of providing a new kind of "homesteading" opportunity that can be capitalized upon by entrepreneurs seeking to make their lives in rural areas.

7) **New Technology and Innovation Extension Service** - Sponsor a new type of rural extension

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service focused on conducting research and providing technical assistance to rural residents and communities regarding: leadership development, entrepreneurship, new technologies, and new opportunities.

8) **Regional Rural Innovation Centers** - Establish a system of multi-county regional rural innovation centers to promote rural innovation. These centers would become a locus for programs aimed at maintaining rural communities and for the development and promotion of innovations useful to the rural communities within their regions. These centers would offer technical assistance to community leaders, entrepreneurs, and developers. They would conduct regionally focused applied research on problems of importance to the communities they serve. They would be repositories of information about efforts that have been tried in other places, and would conduct programs to educate rural residents and especially youth about entrepreneurial possibilities. They would also serve to facilitate networking among people, businesses, organizations and agencies needed for people to bring their ideas to fruition.

9) **Immigration policy** - Federal immigration policy should be formulated to encourage new residents from foreign lands to move into rural areas as an alternative to larger urban centers. Resettlement and refugee programs should be expanded to assist rural communities throughout the Great Plains to meet the needs of new international migrants and also to make positive adjustments to the changes necessitated by greater diversity.

10) **Educational Enhancement** - Provide expanded support for rural schools to meet the needs of rural residents by enabling them to expand their use of technology, establish networks with institutions of higher learning for providing adult learning opportunities and technical education, and to develop appropriate learning enhancement programs to meet the needs of multi-cultural students.

11) **Venture Capital and Business Financing** - Create and/or encourage new venture capital funds and business financing programs for entrepreneurs in rural areas that seek to make sufficient returns to maintain the availability of funds, but also have rural community development as a goal and can therefore accept lower returns than might be possible with other investments.

12) **New Focus for Agricultural Research** - Shift the focus of federally funded agricultural research toward the development of technologies, crops, value added processes, and "ecological services" that can be economically viable and sustainable for smaller scale farm and community enterprises.

13) **A New Emphasis for Federal Aid to Rural Areas** - Shift the emphasis of federal spending for rural assistance away from a narrow focus on individual transfer payments to agricultural producers toward more general investments in the social, health care, commercial, and productive infrastructure of rural communities. Support for agriculture through farm subsidies should continue as needed, but must be more narrowly targeted to support smaller agricultural producers who are in need. Care should be taken that farm subsidies do not inadvertently support the further consolidation of agriculture by large operations.

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14) **Beginning Farmers Program** Create a program to support beginning farmers that will include: special financial support, mentoring and technical assistance regarding best practices and new opportunities in agriculture, and incentives to encourage the transfer of agricultural resources from older farmers to younger beginning farmers such as tax breaks or subsidies.

15) **The Management of Public Lands** The management of public lands within the Great Plains should preserve and enhance their scenic and recreational value. Managing agencies should also be directed to provide organizational support and resources to encourage local entrepreneurs and agriculturalists, who wish to become partners in developing new services that enhance the recreational, tourism, or other **non-consumptive** values of public lands while also contributing to local community development.

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Summary of Points from the Great Plains Population Symposium on State and Local Policies for Addressing Population Loss

By Peter K. Froelich, Ph.D.

On April 11 and 12, 2002 the Great Plains Population Symposium Project sponsored a symposium at Dickinson State University which focused on state and local level issues relating to the loss of population from the Great Plains. The symposium was made possible by a special appropriation from Congress that was secured by Senator Byron Dorgan. It followed-up on another successful event focused on national policy issues that was held on October 15-17 in Bismarck. Over 40 speakers were featured at the April symposium and Dickinson State was host to over 425 registered symposium participants plus an uncounted number of unregistered students who attended symposium sessions.

A review of those in attendance revealed people involved in agriculture, the legal profession, banking, business, religious organizations, the communications industry, state government, county government, local government, the extension service, economic development, K-12 education, higher education, non-profit social service organizations, environmental organizations, electric utilities, state legislatures, lobbyists, the transportation industry, the U.S. Congress, manufacturing, health care, the news media, recreation, tourism, and water development. These participants came from: Arizona, California, Colorado, Florida, Iowa, Idaho, Illinois, Michigan, Minnesota, Montana, North Dakota, Nebraska, New Jersey, New York, Oregon, Pennsylvania, South Dakota, and Utah.

The feedback from these participants after the symposium indicated that the event was a tremendous success. Although many were exhausted after two very full days, symposium participants had great praise for the outstanding presentations and inspiring ideas they heard. Much of the information from both symposiums is available on the web at http://gppop.dsu.nodak.edu. Since April, we have also had many very positive informal responses to the web site attesting to its usefulness as an effective and innovative way to disseminate the information that has resulted from our programs.

Although it would be nearly impossible to comprehensively present all of the ideas discussed at the symposium in a single paper, this article attempts to outline a number of key points from the April program. Although in some instances it may echo themes that also appeared at the symposium last fall, the comments and information described here is focused on local and state level issues.

Demographic Trends: Population change has been uneven across the Great Plains. The demographic trends in Plains states reflect the movement of people away from many rural areas coupled with urban growth in a few other areas. Thus while there has been overall growth at the state level, the decline of small communities is often masked by the growth of larger urban centers.

Although North Dakota had net out-migration of over 20,000 between 1990 and 2000, several states in the northern Plains have experienced net in-migration. For example, South

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Dakota had net in-migration of about 20,000; Wyoming had net in-migration of about 11,000, and; Nebraska gained approximately 48,000. Even in those states, however, many rural places have declined. Most of the growth in the northern Great Plains has been in cities on its eastern edge. The problems faced by those growing areas are radically different from those of the smaller rural communities and it is becoming increasingly difficult to develop an understanding of issues and policies that apply to both. The larger cities cope with congestion and other problems associated with growth, while the loss of working farms, the decline of rural churches, the consolidation of schools, social and economic isolation, and the loss of youth plague smaller communities throughout the region.

Focus on Youth: The data for counties across the Great Plains shows unmistakably that young adults have been leaving rural areas. When asked about their future plans, people under the age of 30 are the most likely to say they won't be living in the same place five years from now. In places where high fertility once assured an ample supply of young people, the loss of youth has become a threat to viability. Today's rural communities are struggling to find niches in a new economic order, and when their young people leave they lose not only biological vitality, but also the economic and civic vitality needed to support new ventures. The relationships between population, the creation of wealth, and community prosperity have been transformed and communities unable to keep young people are unlikely to project themselves into the future.

Although retaining youth is a key challenge, there is no agreement about how this can be achieved. It seems obvious that creating economic opportunities is important but there is also growing recognition that job creation by itself will be insufficient. In a nation where jobs can be had in many places, they have become a necessary but insufficient condition for attracting and keeping people. Rural communities desperately need to create well paid jobs, but they must also do more. Rural youth flee what they view as a negative social climate, isolation, and a lack of things to do. The qualities that make a place "nice to live in" including education, technological infrastructure, retail services, entertainment and recreation are all keys to keeping younger people in the community.

It will probably be difficult for most smaller communities to achieve the critical mass of high paying jobs and other built amenities commonly be found in urban areas. It is critical, therefore, that they identify and develop a high quality of life based largely upon their own unique strengths and assets. They must seek to overcome their isolation by investing in necessary technological infrastructure and by collaborating with people in other communities. Perhaps most importantly, they must develop visions for themselves that include young people as integral members of the community. They must also seek to strengthen their attachments with younger people through community building efforts that explicitly involve and recognize youth in important social, civic, and economic roles. The ability to undertake development at a human scale and to forge authentic and inclusive community relationships is likely to become a hallmark of sustainable rural places.

Change is no smooth ride. Change is uncomfortable but unavoidable. The communities of the Great Plains have experienced tremendous change but have too often clung

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to a vision of the past and have, as a result, become the reluctant recipients of change driven by forces apparently beyond their control. What they have seldom done is to act as though the changes they face are opportunities or as though they could be the agents driving it.

"Creative destruction" refers to the idea that the process of realizing a new vision for the future often makes it necessary to do away with things from the past that have declined and do not fit the new vision. It is a sometimes disturbing but very real part of renewal. The process of change is nowhere more painfully obvious than in declining rural towns but what has occurred in those places has not been creative. There has been no renewal. Many once thriving small towns are now little more than reminders of what can happen if we fail to anticipate and adapt to change.

Vision is the organ through with change can be harnessed. If there is to be a renewal of rural communities on the Great Plains then the people in those communities must begin to think of their systems, organizations, economies, and other institutions from the viewpoint of creative destruction. They must understand that their demise may actually provide creative opportunities for others outside their communities whose vision excludes them. But they must also understand that their renewal will not likely come from efforts to resist change or preserve current arrangements. It will instead result from their own creative efforts to build for a new vision. Change is unavoidable and uncomfortable, but with a positive vision that projects a community's life into the future, it is survivable and even rewarding.

Globalization: Globalization is a genie that cannot be put back. There is no escaping it and everyone, whether they know it or not, feels global competition. The trend toward globalization has been destabilizing for communities, but it isn't going away simply because we may not like it. The challenge is not to resist the impacts of globalization. That cause is lost. It is, instead, to find new opportunities within the global system. Communities must be re-envisioned from a global perspective and local economies must be re-organized with global designs that can offer both goods and services in the global marketplace.

Ironically, in the global economy, competitive advantage increasingly lies in local assets and characteristics that cannot be matched by distant rivals. The relentless competition from global rivals makes local knowledge, local relationships, and local motivation more valuable. Many parts of the world can produce commodities at low cost. The competitive squeeze felt by local economies that rely primarily on the export of undistinguished low cost commodities make it difficult to prosper. Success will come from finished products that are customized or have unique qualities derived from local people and local assets.

Competition: There is relentless competition and we can't always predict where it will come from. Global competition is driving a shift in the economy away from "mass production" to "flexible specialization." To be successful we must be flexible, proactive, and fast. We must make the best use of the assets we have inherited and invest in developing new assets we need. We must also collaborate generously through strategic alliances, which allow us to focus on what we do best while also responding to change.

The face of competition for communities has grown considerably more complex.

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Communities have always needed successful businesses to create the conditions for prosperity. In today's economic atmosphere few local enterprises can escape global competition and they must now succeed within a much larger field of players. The prosperity of a region does not depend as much on what industries are present so much as it does on how the industries in that region compete. The competition to create successful products for the global market requires: talented people, knowledge about the world, innovative ideas, high quality, processes that add value, speed, flexibility, global connections, and the use of networks and partnerships.

The growing knowledge economy has also created conditions in which an educated workforce is a key resource for the creation of wealth. The fact that the workforce is very mobile causes communities across the country to feel new competitive pressures. Communities now compete to offer an excellent quality of life. Communities who fail in this are unlikely to recruit or retain talented people and will ultimately be locked out of this growing sector of the economy. Although the rural communities of the Great Plains face many disadvantages, it is not inconceivable that they could use their rural character and natural assets to compete for people effectively. To do so, however, will require careful investment, and innovative marketing of their assets. Three keys in the competition for talented people are: high quality of place, speed in fixing problems that discourage people from locating, and flexibility in the lifestyles that are possible.

Technology: The effective delivery of competitive products and services in every industry relies on the appropriate application of technology. Today there is no such thing as a "low tech" industry. The development of value added processes and product customization will all require the application of new technologies within current industries. In addition, new dispersed work organizations will be based on relationships between rural and urban people that rely on new communications technologies. Such technological developments hold great potential for revitalizing rural economies and communities. For that to happen, however, the necessary technological infrastructure must be quickly extended to rural places.

According to Department of Commerce studies, private access to the internet by households has increased rapidly during the past half decade so that by 2000 38.9% of rural households and 42.3% of urban households had internet access. This represents a shrinking of what has been called the rural/urban digital divide relative to the use of basic internet services. Unfortunately, there continues to be a gap between rural and urban communities with regard to high speed internet services (broadband). For example, while 86% of cities with populations of 250,000 or more have DSL services, only 4.6% of communities between 10,000 and 25,000, and 0.1% of communities with 2,500 or fewer people have DSL. Rural businesses are also less likely to use the internet. Many businesses claim that poor telecommunications infrastructure inhibits their abilities to do business in rural regions, and the vast majority of income from internet business producers accrues in urban areas.

Lack of adequate high speed technology infrastructure for business is a serious disadvantage for rural communities. The extension of basic services for rural households is a positive development in many respects and many rural residents would be likely to claim that e-commerce has enhanced their personal quality of life by making a greater variety of goods and

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services available. Without a corresponding increase of rural e-businesses, however, it may also intensify the competition faced by existing local businesses without creating new opportunities for rural enterprises to reach a broader customer base.

The current lack of broadband internet services and wireless services in many rural areas contributes to the growing economic and social isolation of those areas. It limits the ability of residents to establish connections outside the area and makes rural places less attractive to people and businesses from other places. New communications technologies enable new kinds of enterprises and make new kinds of relationships possible. Economic growth requires both and technology, therefore, is one key to participation in today's economy. Low population densities make it unlikely that needed technological infrastructure will be developed privately in many parts of the rural Great Plains. For this reason, the development of technological infrastructure in rural areas should be a key public policy goal.

Leadership: The world rewards those who catch on to what is happening. Our communities must have transformational leaders who can pro-actively meet the challenges of participation in national and global life. Leadership is not about effectively managing things as they currently are. Leadership is the embodiment of vision. It is about building. It is about creating the future. Leaders must anticipate change and prepare their communities to participate in it. To be a leader is to articulate an effective vision of the future and work to create a culture and atmosphere in which community members are able to collectively address it. Leadership is giving back to the community, and inspiring others to give back also, but with the clear and reasoned purpose of creating the conditions for future community well being.

Although there are no guarantees of success for any community, sound leadership is a precondition for success. Leadership in a sustainable community must be shared and must extend across generations. A lapse of leadership may also extend across generations. There is great irony in this. The failure of rural communities to retain enough of their educated young people to sustain themselves can in many cases be viewed as a failure by past community leaders to envision and create a viable future that included or appealed to those young people. The scarcity of young people in those communities now can be viewed as the root of a developing new crisis in which there simply are no leaders.

If they are to have a future, rural communities must begin to understand the function and critical importance of leadership. They must be tolerant and supportive of those who risk bringing new commercial, civic, or social ventures to the community. While the experience and resources of older leaders may be invaluable, innovation and sensibility about things that are new will often come from youth and others who are at the margins of local power structures. For this reason, communities must be inclusive in their approach to leadership and grow their own leaders by fostering leadership skills in every sector.

The Knowledge Economy, Talent, and Quality of Place: We are in an age when knowledge creates wealth and ideas are driving economic growth. In this age, well educated creative people are the most important raw material. Places that can attract and hold such people will succeed while places that cannot will decline.

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Access to the so called "knowledge economy" relies to a large extent on the technological infrastructure. It is critical to understand, however, that while the knowledge economy uses technology, it is much more than technology. It is an economy that focuses on filling the "pipeline" made possible by technology. It is based on ideas, understanding, innovation, and creativity. These are all things that come from people and they are limited only by the abilities and energies of people. While they must be carefully fostered, they are potentially an unlimited resource.

Knowledge economy activities depend on people and the relationships among them. They do not depend on natural resources. For this reason, they are much less dependent on the natural characteristics of places than economic activities of the past have been. They can occur anywhere in which the required people and the technological infrastructure are present. This apparent liberation from place has not made place irrelevant. Instead it has made place matter for different reasons. It has freed many people from having to move to places they have little interest in just to have a job. Knowledge workers are much more likely to choose places where they want to live and then work from those places. During recent years this new dynamic has driven development and the growth of resident populations in many rural counties of western states where there are spectacular landscapes and where attractive lifestyles are possible. In this age, the natural and built amenities of places along with the services, activities and cultural enhancements of communities must be thought of as key economic concerns.

Residents of the northern Great Plains states who responded to a survey on migration behavior reported most often that they moved to the communities where they now live because of their families and for jobs, but they stay in those places because they are nice places to live. Those who want or plan to leave reported that they didn't like the social atmosphere and the lack of shopping and community services. Increasingly, jobs are a necessary but insufficient condition to attract and hold people in a community. To complicate things, the need for communities to compete for people on the basis of quality of life and lifestyle is likely to intensify with the likely increase in the demand for labor in many places as the large baby-boom generation begins to retire.

Community: Communities are defined by the relationships among people in places. Although we often speak of "community," as though it were synonymous with a city or town, community can only exist in those places if the interaction among the people who live there cuts across self-interest to address shared concerns associated with life in that place. It is interaction that makes community real and shared interest in the place that binds together individuals who might otherwise have little basis for association. People are attracted to places where they can experience interesting and fulfilling lives by joining, contributing to, and having ownership in authentic communities.

The experience of community is a fundamental aspect of humanity. Many of our qualities as individuals are developed within communities and it is through community that we collectively face the challenges of daily life. For most of us, the most direct and fulfilling experience of society that we have occurs through community. It is also through the

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relationships of community that the promise of leadership in rural places can be realized.

Too often in the past, development efforts have framed communities as clients and focused exclusively on outside resources. Community planning efforts have centered around needs assessments that are oriented to declining community infrastructure and institutions, and communities have had to compete with each other for aid on the basis of their deficits. As an approach this has fostered dependency and has generally failed to motivate community members to actively address their futures.

The distinction between economic development and community development in rural areas of the Great Plains has also proven to be false. Community development and economic development must go hand in hand. Rural development must take a more holistic approach that builds the capacity for effective self-generating communities as a foundation for more specific economic initiatives. While communities will still need to collaborate and tap into outside resources, a new asset based approach is needed. Such an approach will focuses on identifying and mobilizing local assets that can be invested in building community life.

Social Capital: Social capital is the resource inherent in the relationships of a healthy community. Simply put, "capital" refers to resources invested to generate more resources. Five types of capital are commonly discussed: financial, built, natural, human, and social. When all five are present within a community in the right balance, the result is a healthy ecosystem, a vital economy, social equity, and community sustainability. Social capital is the most ephemeral of the five but it is vitally important for the progress of communities as it determines their ability to mobilize for collective efforts on their own behalf.

There are two kinds of social capital, bonding capital and bridging capital, and progressive communities need to have both. Settlements that are lacking in both bridging and bonding social capital are very unlikely to undertake effective community initiatives. They are likely to be characterized by extreme individualism and apathy with regard to community concerns. In such a place, those who are wealthy are likely to solve problems for themselves using financial capital while those who are not wealthy must simply endure problems or move away. If there is little of either kind of social capital it is easy to question whether there is really a community at all.

Bonding capital stems from the strong ties and mutual support among people who have personal relationships and share a common identity with each other. Many of a community's resources are imbedded within its networks of close personal ties and personal relationships are a source of both material and emotional strength for community members. Although ruralness is no guarantee that people will be imbedded within networks of personal relationships, rural communities are stereotypically thought to abound with of this type of social capital. Because residents of rural communities are likely to associate with the same people in a variety of different roles they are more likely to view one another as "whole people" and as a result their relationships often become personalized. For this reason, rural communities are likely to have a preponderance of bonding capital.

In contrast with the emotion laden relationships that underlie bonding social capital,

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bridging social capital stems from less intense relationships among people who share few things in common and do not have close personal affiliations. Bridging capital emerges between people who interact with each other regularly but on the basis of more specific and narrowly defined rational interests. Although these relationships are not emotionally intense, they are critically important.

Bridging social capital unites a community through relationships extending between factions that would otherwise divide it. Bridging capital also connects community members with people from outside (this is sometimes called "linking" capital). The weak ties of bridging capital bolster community stability and quality of life by overcoming isolation and offering relief from the emotional intensity and pressure to conform inherent in bonding capital. Bridging relationships are critical as conduits for the flow of information and resources among what would otherwise be tightly bound but isolated internal factions and between members of the community and the outside world.

The relationships from which both bridging and bonding social capital emerge provide the context from which vision and leadership emerge and play out. In places where there is adequate bonding social capital, bridging social capital becomes the key to mobilizing communities for collective action. Bridging social capital makes the strengths and resources of the various segments of a community relevant to the community as a whole. Communities with both bonding and bridging social capital tend to have inclusive community processes through which they effectively mobilize internal resources and when necessary are able to tap outside resources as well.

Through its initial attempts to identify and "map" community resources, **asset based community planning** implicitly recognizes that inadequate bridging social capital is often a critical problem in rural communities. By encouraging focused interaction among disparate members of communities during the process of mapping community assets. In effect, it seeks to enhance community capacity by developing bridging social capital as part of the planning process.

Regional Governance and Collaboration: Efforts to develop rural areas should take a regional approach to development aimed at developing the quality of places and facilitating the collaboration of communities to develop regionally based enterprises and amenities. There are many reasons why rural communities should collaborate with their neighbors for development efforts. Few significant rural problems effect single communities, and few rural communities can effectively meet challenges that extend well beyond their immediate territories. Their ability to provide adequate services and develop competitive quality of life increasingly depends on the reconstruction of population bases to support those services. Although the preservation of local identity is important, by combining resources within regions rural communities may be able to more effectively undertake needed development. Strategic collaboration within regions communities may also increase their flexibility for responding to opportunities and to their ability to undertake projects that are beyond the grasp of any single community.

A regional approach will be an important advance of rural policy if it uses a holistic

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"placed based" model for rural development. In the past, public investment and development efforts have too often focused on aid to sectors. Although these policies may be characterized as "rural policies" they have not effectively addressed the concerns of rural communities. The needs of communities and community members have been made subordinate to the needs of economic sectors. They have funneled resources to narrowly defined economic interests and have set up rural communities to compete against one another other for things they all need. This approach has lead to dependency, declining community infrastructure, the entrenchment of vested interests, and the out-migration of younger generations. New development policies must have a flexible focus on the overall level of opportunity, quality of life, and the sustainability of the communities within regions and they must make specific sectoral interests secondary.

Diversity: Diversity is one of the key assets that defines an attractive community in this age. Diversity not only makes places more interesting, at a time when innovation and flexibility are essential economic assets, being diverse means having a wealth of skills, ideas and perspectives from which to draw. To be included within this global society and to compete in that domain communities must value diversity.

The importance of diversity has been difficult for many residents of the Great Plains to understand, probably because the region has a long history of relative racial homogeneity. Nonetheless, the region is becoming more diverse and its communities will need to become open to diversity if they are going to prosper. For example, the number of Hispanic people in the Great Plains has roughly doubled since 1980 and now makes up about 20% of the population. In other parts of the Great Plains rural Native American communities are among the few rural communities that have had population growth especially among young adults. It is clear that the future workforce of the Great Plains will increasingly be made up of minorities. To attract and keep members of minority groups, Great Plains communities must be appreciative of cultural differences and inclusive with regard to civic participation and leadership.

In North Dakota and several other Great Plains states, Native Americans comprise the largest minority group and Native American communities continue to be young relative to many other communities. The presence of Indian youth is a potential benefit for the region, but educating and creating local opportunities for those youth is a critical challenge. Efforts to create prosperity and foster attractive lifestyles must include reservation areas and must support the cultural values of Native American residents. Although the history of Indian and white relations has created significant obstacles to cooperation, the opportunity to forge a unique and attractive identity for the Great Plains region is likely to depend largely on the ability of white and Native American communities to form constructive partnerships with each other.

Education: Universities are a primary resource in a knowledge economy. They have been characterized as the "factories" of a knowledge economy. Universities are key resources for communities and regions because they bring together and make available three key assets: Technology, talent, and tolerance. Universities can serve as catalysts and anchor customers for technological infrastructure development. They are key instruments for bringing the highly educated and talented individuals who can drive new kinds of economic activity into their regions and are likely to serve as the nuclei of efforts to enhance community diversity.

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Their influence in the community is also likely to be critical for creating the kind of community atmosphere necessary to retain creative individuals.

In order for the potential benefits of universities to be fully realized, local communities and economies must be prepared to make use of them. Although North Dakota has been characterized as a "brain belt" because of the high educational achievement of so many of its people, it and some other Great Plains states have tended not to take full advantage of the benefits their universities could provide. Too often those benefits have been lost entirely and have accrued in the places where their graduates eventually move. The communities and economies have been out of sync with the educational values of their own people. They have tended to rely on low wage and low skill economic development strategies and have developed significant chronic underemployment problems that drive the "best and brightest" away.

In the future, if universities are to have relevance to rural communities, beyond simply packaging their youth for export, they must be given the mission and the resources to become active drivers in the creation of new types of economic development within those communities. Although universities may need to create or expand programs that produce skilled workers for local business, they cannot meet this challenge by focusing solely on existing business needs. Employment opportunities are lacking in many rural areas regardless of individual skills. Not only will universities be required to prepare students for the careers that are currently possible, but they must also help them create new careers in places where they are not currently possible. "What could I do here?" is a critical question and our universities will make their most lasting contributions to rural America by addressing it. To do this they must focus on innovation and become centers for creativity and local entrepreneurship.

Entrepreneurship: Efforts to revitalize rural communities should focus on growing their own economic opportunities by encouraging and supporting entrepreneurship. It has become a tradition for rural policy makers to follow strategies aimed at recruiting manufacturers to relocate in rural communities. It is increasingly unlikely, however, that many rural communities will successfully revitalize their economies by attracting outside businesses. Too few firms that produce high value products and offer high wages are willing to relocate in rural areas. The costs of attracting and hosting established firms that are willing to relocate may, in many cases, be greater than the economic benefits that ultimately eschew to the community.

The challenge of creating new prosperity is more likely to be met in rural places by encouraging local entrepreneurs to create new high value enterprises. Nationally, the earnings of self-employed entrepreneurs are higher than those of people employed in wage or salaried jobs and approximately two thirds of new jobs are created by small and medium sized entrepreneurial businesses. In apparent recognition of this, it is a growing trend for rural communities to encouraging entrepreneurship as a development strategy. During the 1990's the growth of rural self-employment matched that of urban areas for the first time in decades. The growth of rural entrepreneurship is encouraging, and entrepreneurs are undoubtedly creating wealth and enhancing quality of life in many rural places.

Despite this change, however, the potential benefits of entrepreneurship continue to elude

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many rural areas. This is due partly to continued reliance on business recruitment strategies and partly to obstacles facing "high growth" entrepreneurs in rural places. These obstacles include things such as: limited access to markets, less human capital in the community, low levels of entrepreneurial skill, insufficient infrastructure for technology and transportation, local cultures that are risk averse, and limited access to capital.

There are a number of approaches for encouraging rural entrepreneurship. Approaches such as "asset based community planning" attempt to build civic commitment, mobilize local resources, and create an entrepreneurial atmosphere in communities. Other programs are aimed more narrowly at making capital available to rural entrepreneurs through loan funds, venture capital funds, or by developing "angel networks." Business incubators, attempt to develop support networks that provide basic social support and infrastructure while also linking entrepreneurs to needed business resources and contacts. Still other programs attempt to improve the skills of individual entrepreneurs through education and technical assistance.

Conclusion

There is a long history of population loss from rural Great Plains communities. Transformations of the industries such as agriculture, transportation, and mining that have traditionally served as bases for rural communities have been at the root of these trends. Today, advancing technology, globalization, and intense competition continue to drive social and economic change at unprecedented rates. The futures of many rural communities are rapidly getting dimmer, especially those that attempt to hold fast to their traditional economic bases .

Although change is a relentless and unavoidable challenge to rural communities, those that can re-envision themselves and are willing to invest in themselves may also find great new opportunities. The communities that are likely to succeed will seek to overcome isolation but will not seek salvation from outside. They will focus on using their own assets, on entrepreneurship, and on building their own futures. They will work with their regional neighbors to promote an attractive quality of life. They will be determined to participate in the knowledge economy and invest in the technology that is needed to do so. They will focus on keeping their young, and will seek to develop lasting relationships that support them and binds them into the social and economic fabric of the community. Perhaps most importantly, the communities that succeed are likely to be those that are able to draw out from their own people the leadership needed to face the future squarely.

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Dickinson State University
Hold-Even and
Needs Based Budget

Section 4

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2003 – 2005 EXECUTIVE BUDGET RECOMMENDATIONS:

- Campus budgets are at the **HOLD-EVEN** budget request levels. The campus appropriations have been pooled to the State Board of Higher Education in two line items (Operations and Capital Assets). The SBHE would have discretion over the allocation of these funds with guidelines established by the legislature.

- No state general funds or state bonding resources have been provided to the campuses for specific major capital projects. The executive budget does include several of the requested "other fund" projects which campuses will finance utilizing resources other than general funds.

- A "general fund" pool totaling $2,961,629 is provided to the SBHE for allocations in support of major capital projects.

- A pool of approximately $6.9 million has been provided to the SBHE to address extraordinary repair needs relative to the campuses. The $6.9 million provides an average funding level of .36% of plant and infrastructure value per year for campuses reflecting a 228 year replacement cycle for all state facilities located on the campuses.

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CAMPUS BIENNIAL BUDGET REQUEST GUIDELINES 2003-2005

HOLD-EVEN REQUEST:

Acknowledging Governor Hoeven's 2003-2005 budget guidelines, the SBHE directed campuses to prepare a hold-even budget request. Campuses within their hold-even requests were to be prepared to **self-fund** or identify sources of funds other than "general" funds to address: costs to continue FY03 salary increases, 2003-05 operating inflation projected at 2.5% per year, 2003-05 employee health insurance increases, an average annual two percent salary increase for the 2003-05 biennium, and other costs impacting the hold-even "general" fund statues such as anticipated increased costs associated with proposed capital construction, program enhancements, etc..

NEEDS-BASED REQUEST:

The SBHE directed campuses to prepare a needs-based budget utilizing the newly adopted "long-term financing plan and resource allocation model" developed as a result of a recommendation by the Roundtable on Higher Education. This plan is structured to:

- Provide stable base funding for each campus
- Recognize fixed cost increases for all campuses (parity)
- Fund equity with peer institutions, consistent with campus missions (equity)
- Encourage entrepreneurship and reward success
- Encourage diversification of revenue sources (state, student, private, etc.)
- Create a shared funding responsibility between the state and students
- Allow the SBHE and campuses to be responsive to changing priorities

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BASIS FOR DICKINSON STATE UNIVERSITY'S HOLD-EVEN BUDGET REQUEST 2003-2005:

"GENERAL FUND" Allocation For 2001-2003	
• Operations	$13,860,931
• Capital Assets (Extraordinary Repairs)	393,962
Total HOLD-EVEN Request Level 2003-2005	$14,254,893

PROJECTED ADDITIONAL OPERATING COSTS 2003-2005 TO BE SELF-FUNDED (HOLD-EVEN)

• Cost to Continue FY03 Salary Increases	$ 472,959
• Operating Inflation @ 2.5% Per Year	201,362
• Additional Operating Costs: Whitney Stadium	150,270
• Health Insurance Increase @ 20.43%	302,145
• Salary Increases @ 2% Per Year	503,969
Total Additional Basic Costs	$ 1,630,705

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DICKINSON STATE UNIVERSITY'S OPERATING PLAN: HOLD-EVEN GENERAL FUND BUDGET SCENARIO 2003-2005

- Execute an enrollment management plan with a goal of increasing enrollment levels by 2% each year of the biennium realizing an estimated additional $209,190 in tuition revenue over the biennium.

- Continue on-going processes of evaluating programs and implementing practices which allow for the internal reallocation of resources to improve upon quality and promote program enhancements and campus improvements.

- Increase tuition levels at the rate of 16% per year during the 2003-05 biennium realizing an estimated additional $1,792,544 in tuition revenue over the biennium.

The combinations of increased enrollment levels, internal reallocations, and increased tuition rates will serve to provide the resources deemed necessary under a general fund hold-even budget scenario to maintain quality programs that can compete nationally, to provide for essential enhancements (i.e. additional faculty and staff, salary increases, etc.), to foster institutional growth and improve upon quality, and to position the institution should enrollments not materialize as expected. If successful, Dickinson State University's plan will realize additional revenue of $2,001,734 ($209,190 from enrollment growth and $1,792,544 from tuition rate increases). Upon self-funding the projected basic additional costs to continue of $1,630,705, the remaining $371,029 combined with internal reallocations will serve as the basis for funding flexibility for the biennium.

IDENTIFIED EXTRAORDINARY REPAIR PROJECTS: HOLD-EVEN BUDGET (CAPITAL ASSET REQUEST)

Tuckpointing (Heating Plant, May Hall, Klinefelter)	$160,000
HVAC/Lighting Upgrades	140,000
Entryway, Step, Sidewalk, Parking Lot Repairs/Replacements	93,962
Total Extraordinary Repairs 2003-2005	$393,962

Dickinson State University's "general fund" supported buildings have a replacement value of $33,780,180. Infrastructure on campus is valued at $3,896,030. The 2003-2005 "hold-even" executive recommendation of $393,962 does not adequately address deferred maintenance issues.

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BASIS FOR DICKINSON STATE UNIVERSITY'S NEEDS-BASED OPERATING BUDGET REQUEST 2003-2005

The North Dakota University System's long-term financing plan and resource allocation model establishes the framework for the Needs-Based operating budget request by:

- Establishing a base level of funding for each campus
- Identifying fixed cost increases for all campuses (parity)
- Identifying equity adjustments necessary to achieve 85% of an established peer institution funding benchmark in 6 years (equity)

Dickinson State University's Peer Institutions are as follows:

- Dakota State University, SD
- Glenville State College, WV
- Indiana University-East, IN
- Lewis-Clark State College, ID
- Shawnee State University, OH
- University of Arkansas at Monticello, AR
- University of Maine at Farmington, ME
- University of South Carolina at Aiken, SC
- West Liberty State College, WV

DICKINSON STATE UNIVERSITY'S NEEDS-BASED OPERATING REQUEST

2001-2003 General Fund Operating Base	$13,860,931
Parity Adjustment	936,807
Equity Adjustment	1,037,817
Total NEEDS-BASED Operating Budget	$15,835,555

PROJECTED ADDITIONAL OPERATING COSTS 2003-2005 (NEEDS-BASED)

• Cost to Continue FY03 Salary Increases	$ 472,959
• Operating Inflation @ 2.5% Per Year	201,362
• Additional Operating Costs: Whitney Stadium	150,270
• Health Insurance Increase @ 20.43%	302,145
• Salary Increases @ 3% Per Year	758,455
Total Additional Basic Costs	$ 1,885,191

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DICKINSON STATE UNIVERSITY'S OPERATING PLANS: NEEDS-BASED FUNDING SCENARIOS 2003-2005

NEEDS-BASED Budget Funded at Parity Level:

Projected Additional Costs (NEEDS-BASED)	$ 1,885,191
Less General Fund Supported Parity Adjustment	936,807
Balance To Be Funded From Non-General Fund Sources	$ 948,384

Proposed Non-General Fund Revenues:

Revenue From Enrollment Increases (2%-2%)	$ 209,190
Plus Revenue From 10%-10% Tuition Rate Increases	1,115,349
Projected Increased Revenue	$ 1,324,539

Projected Revenues in Excess of Additional Costs:

Projected Increased Revenue	$ 1,324,539
Less Additional Costs Remaining After Parity Adjustment	948,384
Funding Available for Enhancements	$ 376,155

Enhancements Will Focus Upon: Addressing Operating Expenses in Excess of Projections/Hedging Against Revenue Shortfalls
: Faculty/Staff Salary Issues
: Funding 1 FTE Instructor

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NEEDS-BASED Budget Funded at Parity Plus Equity Levels:

Projected Additional Costs (NEEDS-BASED)	$ 1,885,191
Less General Fund Supported Parity and Equity Adjustments	1,974,624
Balance To Be Funded From Non-General Fund Sources	$ (89,433)

Proposed Non-General Fund Revenue:

Revenue From Enrollment Increases (2%-2%)	$ 209,190
Plus Revenue From 8%-8% Tuition Rate Increases	889,951
Projected Increased Revenue	$ 1,099,141

Projected Revenue in Excess of Additional Costs

General Fund Excess	$ 89,433
Non-General Fund Revenue	1,099,141
Total Funds Available for Enhancements	$ 1,188,574

Enhancements Will Focus Upon: Addressing Operating Expenses in Excess of Projections/Hedging Against Revenue Shortfalls
: Faculty/Staff Salary Issues
: Funding 5 FTE Positions – 4 Instructors, 1 Staff

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ESTIMATED TUITION RATES/INCREASES RELATIVE TO 2003-05 BUDGET REQUESTS

HOLD-EVEN BUDGET LEVEL

Tuition Category	2002	16%	2003	16%	2004	Biennial Inc.	%
Resident	$2,202	$353	$2,555	$ 409	$2,964	$ 762	34.6
Non Resident	5,880	941	6,821	1,092	7,913	2,033	34.6
Minnesota	2,554	409	2,963	474	3,437	883	34.6
Montana & Contiguous	2,752	440	3,192	511	3,703	951	34.6
WEU & MHEC Rate	3,303	529	3,832	613	4,445	1,142	34.6

NEEDS-BASED PARITY FUNDED LEVEL

Tuition Category	2002	10%	2003	10%	2004	Biennial Inc.	%
Resident	$2,202	$220	$2,422	$ 242	$2,664	$ 462	21
Non Resident	5,880	588	6,468	647	7,115	1,235	21
Minnesota	2,554	256	2,810	281	3,091	537	21
Montana & Contiguous	2,752	275	3,027	303	3,330	578	21
WUE & MHEC Rate	3,303	331	3,634	364	3,998	695	21

NEEDS-BASED PARITY AND EQUITY FUNDED LEVEL

Tuition Category	2002	8%	2003	8%	2004	Biennial Inc.	%
Resident	$2,202	$176	$2,378	$ 190	$2,568	$ 336	16.6
Non Resident	5,880	470	6,350	508	6,858	978	16.6
Minnesota	2,554	204	2,758	221	2,979	425	16.6
Montana & Contiguous	2,752	220	2,972	238	3,210	458	16.6
WUE & MHEC Rate	3,303	264	3,567	285	3,852	549	16.6

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NORTH DAKOTA UNIVERSITY SYSTEM'S CAPITAL ASSET FUNDING MODEL

- Funding model would enable all NDUS entities to reach 100% of full funding of the OMB Building and Infrastructure formulas over a ten year period (2003-2013). If the amounts requested for 2003-2005 were funded, all institutions would be funded at 33% of OMB formulas.

- The total outstanding deferred maintenance needs would be funded over a fourteen year period (2003-2017).

2003-2005 NEEDS-BASED Capital Asset Request:

HOLD-EVEN Capital Asset Amount	$393,962
NEEDS-BASED Capital Asset Adjustment	458,827
Total NEEDS-BASED Capital Asset Request	$852,789

IDENTIFIED EXTRAORDINARY REPAIR PROJECTS: NEEDS-BASED BUDGET (CAPITAL ASSET REQUEST)

Tuckpointing (Heating Plant, May Hall, Klinefelter)	$200,000
HVAC/Lighting Upgrades	400,000
Entryway, Step, Sidewalk, Parking Lot Repairs/Replacements	112,789
Roof Repair/Replacements (Ag. Bldg., S. Campus, May Hall)	140,000
Total NEEDS-BASED Request	$852,789

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TOTAL 2003-2005 NEEDS-BASED REQUEST:

HOLD-EVEN Level:		
Operating	$13,860,931	
Capital Assets	393,963	$14,254,893
NEEDS-BASED Adjustments:		
Parity	$ 936,807	
Equity	1,037,817	
Capital Assets	458,827	$ 2,433,451
Total NEEDS-BASED Request		$16,688,344
Requested Increase in "General Fund" Allocations		17.1%

DISTRIBUTION OF APPROPRIATIONS (LONG-TERM FINANCING PLAN AND RESOURCE ALLOCATION MODEL)

The long-term finance plan mandates that current general fund appropriations not be reallocated among campuses. The plan also requires that a portion of increased state general fund appropriations be allocated both to parity (i.e. inflation, salary, and health insurance increases, etc.) and to resolve equity differentials based on peer campus benchmarks and unique state/student funding shares. **Funding parity is the first priority; however, no more than 80% of all new funding should be allocated to parity and no less than 20% of new funds be allocated to equity.**

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MAJOR CAPITAL PROJECT REQUESTS: 2003-2005

Priority #1: Murphy Hall Renovation/Addition

Projected Cost Estimate:	$9,732,335 (stages)
Recommended Funding Source:	State General Fund
Staged Costs: 2003-05 Biennium	$5,882,047
: 2005-07 Biennium	$3,850,288

Priority #2: Whitney Stadium Renovation/Addition

Projected Cost Estimate:	$5.0 Million
Recommended Funding Sources:	Philanthropic/Local
Costs By Biennium: 2003-05 Biennium	$5.0 Million (Reauthorization)

Executive Budget Recommendation:

#1 Murphy Hall – No Specific Funding Provided
#2 Whitney Stadium – Authorizes Use of $5 Million From Other Funds (Philanthropic/Local)

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Major Capital Projects

NDUS 2003-05 Major Capital Ranking—Section 6

Murphy Hall Renovation/Addition—Section 7

- Project Narrative
- Current Building Code/Safety Standards Review
- Emergency Alert—Corrective Action
- Programming Summary Support Documentation
- General Project Summary
- Construction Cost Estimates
- Existing Murphy Hall Floor Plan
- Project Rendition/Schematics

Whitney Stadium Renovation/Addition—Section 8

- Project Narrative
- Project Renditions
- Funding Drive Initiative

NDSU Research Extension Center Agricultural Center—Section 9

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NDUS 2003-05 Major Capital Ranking

Section 6

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NDUS 2003-05 Major Capital Project Ranking
SBHE Priority List

Revised 11-26-02

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
				Cost			
#	Project Description	Campus	Project Type	State	Other	Total	Other Source
	11 CAMPUSES	A=addition; R=renovation; NC=new construction					
1	Murphy Hall Phase I Addition	DSU	A/R	$5,882,047		$5,882,047	
2	Gralchen Gymnasium elevator & emergency exits	VCSU	R	$785,300		$785,300	
3	Steam Line Replacement Phase II	MaSU	R	$1,355,000		$1,355,000	
4	Minard Hall Renovation	NDSU	R	$9,900,000		$9,900,000	
5	O'Kelly Hall Renovation	UND	R	$3,500,000		$3,500,000	
6	Old Main Replacement	MiSU-BC	R	$1,500,000		$1,500,000	
7	Career & Technology Institute	BSC	NC	$1,500,000	$6,800,000	$8,300,000	Private/ Other
8	Diesel Technology Addition	WSC	A	$472,000		$472,000	
9	Science Wing Remodel & Classroom Wing Addition-Phase I & II	LRSC	A/R	$1,187,500		$1,187,500	
10	Swain Hall	MiSU	A/R	$1,590,000		$1,590,000	
11	Horton Hall Remodel	NDSCS	R	$4,100,000		$4,100,000	
	State Facility Energy Improvement Project	UND	R		$1,951,214		utility savings
	State Facility Energy Improvement Project	NDSU	R		$1,077,977		utility savings
	TOTAL Ranked Projects			$31,771,847	$9,829,191	$38,571,847	
	Voc/Technical Center Expansion & Renovation	BSC	A/R	$3,000,000	$6,000,000	$9,000,000	School District/ Other
	Deferred Maintenance	WSC	R	$584,000		$584,000	
	North Addition	WSC	NC	$2,948,400		$2,948,400	
	Occupational Therapy	UND	A	$1,500,000		$1,500,000	
	Infrastructure (water, sewer, elec., pavement)	UND	R	$4,500,000		$4,500,000	
	Ceres Hall Renovation	NDSU	R	$4,000,000		$4,000,000	
	Infastructure (pavement, water, steam)	NDSU	R	$2,500,000		$2,500,000	
	Steam Line Replacement Phase III	NDSCS	R	$1,482,120		$1,482,120	
	West Hall Remodel & Accessibility	MaSU	A/R	$450,000	$50,000	$500,000	Local
	Student Union ballroom/west wing remodel	MiSU	R	$335,000	$335,000	$670,000	Aux.
	Replace bleachers-W.E. Osmon Bldg.	VCSU	R	$285,000		$285,000	
	Thatcher 2nd Floor HVAC	MiSU-BC	R	$117,000		$117,000	
	TOTAL Unranked Projects			$21,681,520	$6,385,000	$28,066,520	
	Student Apartments	BSC	NC		$1,785,000	$1,785,000	Aux./ Other
	North Hall Residence Hall Renovation	LRSC	R		$375,000	$375,000	Aux.
	S of M & HS, Neuroscience Research Phase II	UND	NC		$17,000,000	$17,000,000	Grant
	Carnegie Library	UND	R		$3,300,000	$3,300,000	Private
	Native American Center	UND	NC		$3,500,000	$3,500,000	Private/ Grant
	Squires Dining Center	UND	R		$1,500,000	$1,500,000	Aux.
	Athletic Complex	UND	A/R		$13,000,000	$13,000,000	Private
	Airline Security Building	UND	NC		$5,000,000	$5,000,000	Grant
	Airport Hangar	UND	NC		$2,000,000	$2,000,000	Private
	Wellness Center	UND	R		$8,000,000	$8,000,000	Student Fees

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NDUS 2003-05 Major Capital Project Ranking
SBHE Priority List

Revised 11-25-02

(1) #	(2) Project Description	(3) Campus	(4) Project Type	(5) Cost State	(6) Cost Other	(7) Cost Total	(8) Other Source
	Bison Court Apartment Bldg. Replacement	NDSU	NC		$11,000,000	$11,000,000	Aux.
	Bison Sports Arena	NDSU	R		$15,000,000	$15,000,000	Private
	Student Union Remodeling/ Addition	NDSCS	A/R		$3,300,000	$3,300,000	Aux./ Private
	Bilkre Activities Center Addition	NDSCS	A		$368,920	$368,920	Private
	Whitney Stadium Renovation/Addition	DSU	A/R		$5,000,000	$5,000,000	Private/ Local
	Fieldhouse Renovation & Addition	MaSU	A/R		$4,000,000	$4,000,000	Private
	East Hall Remodel	MaSU	R		$150,000	$150,000	Aux.
	Total Non-State Funded Projects			$0	$94,278,920	$94,278,920	

EXPERIMENT STATIONS AND FOREST SERVICE

1	Research Greenhouse Complex - Main Sta.	Exp. Sta.	NC	$3,950,000	$3,950,000	$7,900,000	Federal
2	Equip/Supply Storage Bld (Towner and Bottineau)	Forest	NC/A	$115,000		$115,000	
3	Nestles Research Mill Bldg - Main Station	Exp. Sta.	NC	$1,000,000		$1,000,000	
4	Pesticide Handling Facilities (2 sites)	Exp. Sta.	NC	$120,000		$120,000	
	Total Ranked State-Funded Projects			$5,185,000	$3,950,000	$9,135,000	
	Agronomy Lab & Greenhouse-N. Central	Exp. Sta.	NC	$600,000		$600,000	
	Hdqtrs Offc Bldg-Carrington	Exp. Sta.	A	$300,000	$50,000	$350,000	Local
	Hdqtrs Offc Bldg-Central Grasslands	Exp. Sta.	A	$170,000	$75,000	$245,000	Local
	Hdqtrs Offc Bldg- Hettinger REC	Exp. Sta.	A	$155,000	$45,000	$200,000	Local
	Machine & Equip. Stg. Shed (9 locations)	Exp. Sta.	NC	$450,000		$450,000	
	Research Greenhouse-Langdon	Exp. Sta.	NC	$170,000		$170,000	
	Sample Processing Lab. - Williston	Exp. Sta.	NC	$100,000		$100,000	
	Sheep & Lamb Barn - Main	Exp. Sta.	NC	$212,000		$212,000	
	Total Unranked State Funded Projects			$2,157,000	$170,000	$2,327,000	
	New Hdqtrs Offc & Multipurposes Rm Bldg - Phase 1 - Dickinson	Exp. Sta.			$1,400,000	$1,400,000	Private/ Local
	Total Non-State Funded Project			$0	$1,400,000	$1,400,000	
	TOTAL INCLUDED IN BUDGET REQUEST			$36,956,847	$109,458,111	$146,414,958	

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ENROLLMENT DATA FOR PAST YEARS
1918 – PRESENT
OFFICIAL FALL QUARTER/SEMESTER ENROLLMENT

1918 -	71	1960 -	647
1919 -	122	1961 -	843
1920 -	83	1962 -	879
1921 -	157	1963 -	912
1922 -	221	1964 -	1,123
1923 -	218	1965 -	1,333
1924 -	223	1966 -	1,353
1925 -	233	1967 -	1,525
1926 -	256	1968 -	1,639
1927 -	159	1969 -	1,610
1928 -	182	1970 -	1,655
1929 -	196	1971 -	1,430
1930 -	207	1972 -	1,280
1931 -	275	1973 -	1,149
1932 -	308	1974 -	980
1933 -	378	1975 -	1,003
1934 -	353	1976 -	1,029
1935 -	297	1977 -	1,044
1936 -	297	1978 -	1,093
1937 -	322	1979 -	1,062
1938 -	390	1980 -	1,151
1939 -	441	1981 -	1,093
1940 -	370	1982 -	1,146
1941 -	275	1983 -	1,234
1942 -	119	1984 -	1,249
1943 -	241	1985 -	1,277
1944 -	121	1986 -	1,337
1945 -	64	1987 -	1,283
1946 -	207	1988 -	1,417
1947 -	265	1989 -	1,402
1948 -	271	1990 -	1,429
1949 -	276	1991 -	1,503
1950 -	257	1992 -	1,605
1951 -	207	1993 -	1,613
1952 -	226	1994 -	1,591
1953 -	258	1995 -	1,578
1954 -	353	1996 -	1,701
1955 -	409	1997 -	1,736
1956 -	429	1998 -	1,800
1957 -	481	1999 -	1,867
1958 -	543	2000 -	2,012
1959 -	562	2001 -	2,101
		2002 -	2,326

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Murphy Hall Renovation/Addition

Section 7

Project Narrative

Current Building Code/Safety Standards Review

Emergency Alert—Corrective Action

Programming Summary Support Documentation

General Project Summary

Construction Cost Estimates

Existing Murphy Hall Floor Plan

Project Rendition/Schematics

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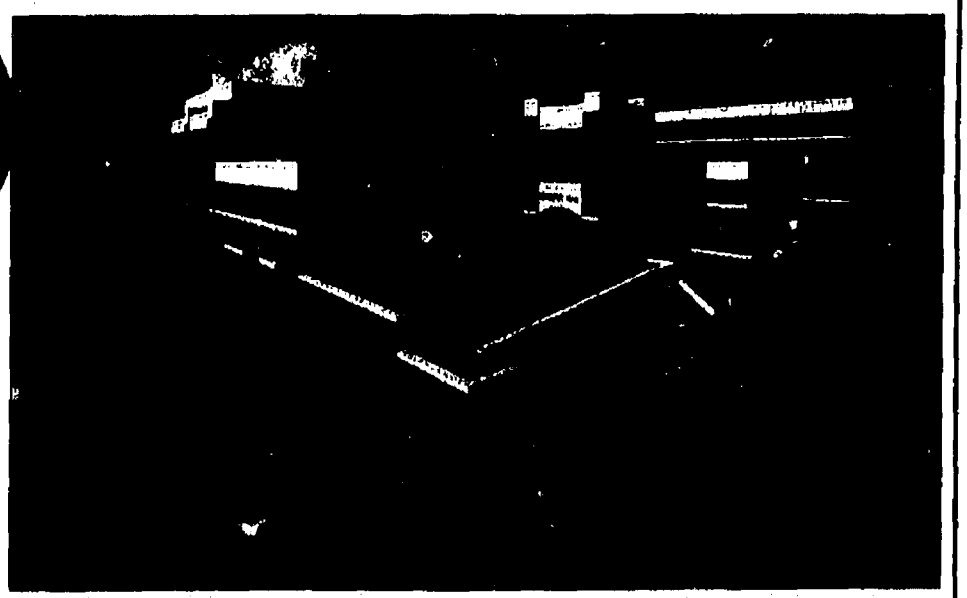
MAJOR CAPITAL PROJECT REQUESTS: 2003-2005

[redacted]ty #1: Murphy Hall Renovation/Addition

[redacted]ted Cost Estimate:	$9,732,335 (staged)
[redacted]mmended Source of Funding:	State General Fund
[redacted]iennium: 2003-2005	$5,882,047
Biennium: 2005-2007	$3,850,288

Murphy Hall



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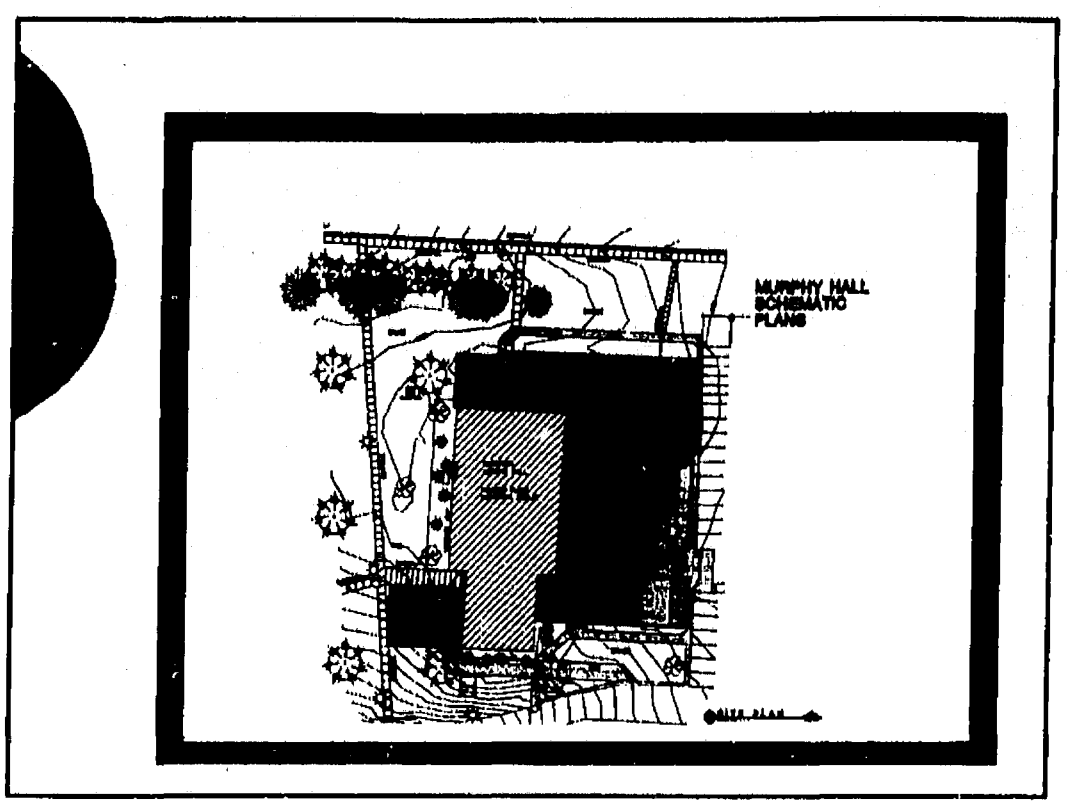

MURPHY HALL RENOVATION AND ADDITION PROJECT

Factors contributing toward staged construction:

- Asbestos abatement required within existing structure
- Absence of alternative specialized laboratory space to support the need for ongoing course delivery

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MURPHY HALL RENOVATION AND ADDITION PROJECT

Phase I:

Construction of the proposed addition while the majority of the existing building would remain occupied

Phase II:

Operations from the existing building would be relocated into the addition while the asbestos is removed from the existing structure and the structure then remodeled.

MURPHY HALL RENOVATION AND ADDITION PROJECT

Address the life, health, and safety concerns related to:

- **Asbestos**
- **Inadequacy of HVAC systems**
- **Inadequacy of fume hoods**
- **Absence of fire suppression system**
- **Disposal of hazardous chemical waste**

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MURPHY HALL RENOVATION AND ADDITION PROJECT

Improve upon the energy efficiency by:

- **Replacing windows**
- **Providing appropriate vestibules**
- **Managing air exchanges**
- **Replacing aged HVAC system**

MURPHY HALL RENOVATION AND ADDITION PROJECT

Provide the infrastructure that will complement the infusion of technology and research into the teaching/ learning environment.

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MURPHY HALL RENOVATION AND ADDITION PROJECT

Provide proper facilities that are designed to meet the institution's enrollment and program needs in accordance with established national standards.

MURPHY HALL RENOVATION AND ADDITION PROJECT

Provide for a facility that will enable the institution to effectively compete nationally in the delivery of quality educational programs within a safe and conducive learning environment as encouraged within the "Roundtable Report."

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PROGRAMMING – MURPHY HALL RENOVATION AND ADDITION

Goal: Design an educational facility that addresses immediate needs and provides for adequate and appropriate space in support of envisioned change

Professional Assistance:

Hulsing and Associates
Research Facilities Design

PROGRAMMING – MURPHY HALL RENOVATION AND ADDITION

Square footage:

Existing building	25,366 sq. ft.
Addition	32,018 sq. ft.
Total square footage	57,384 sq. ft.

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Benchmarking Comparisons Among Undergraduate Institutions

- Compared the net **SQUARE FOOTAGE PER STUDENT** within each laboratory type of twenty primarily undergraduate teaching institutions
- Compared the **LABORATORY SPACE PER FULL-TIME EQUIVALENT FACULTY MEMBER** at thirteen undergraduate teaching institutions
- Analyzed a 1999 study completed by a national planning firm comparing **TEACHING LABORATORY SPACE PROVIDED PER FACULTY MEMBERS** at forty-four undergraduate facilities.

PROGRAMMING – MURPHY HALL RENOVATION AND ADDITION

"...that the proposed new laboratory space for the Murphy Hall biology, chemistry, and physics programs fall within national standards and trends of comparable undergraduate teaching institutions."

Edward G. Johnson, Project Manager,
Research Facility Design

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DICKINSON STATE UNIVERSITY
CAPITAL BUDGET PROJECT

PROJECT #1: MURPHY HALL RENOVATION/ADDITION
CATEGORY: Major Renovation/Addition
PROJECTED COST ESTIMATE: $9,732,335 (staged)
RECOMMENDED SOURCE OF FUNDING: State General Fund
BIENNIUM: 2003-2005 - $5,882,047 BIENNIUM: 2005-2007 - $3,850,288

PROJECT NARRATIVE

Murphy Hall was built as a classroom facility in 1963 to serve the needs of the Division of Natural and Mathematical Sciences. Today, 40 years later with no major upgrades, Murphy Hall serves all of the natural sciences; Biology, Chemistry, and Physics as well as hosting support courses for the programs of Agriculture, Nursing and Teacher Education. Program enrollments reflect the growing demand for agronomists, science teachers, nurses, and med-tech personnel within North Dakota. The state's agriculture sector is placing increased emphasis on scientific research and knowledge to increase efficiency and maximize production.

Dickinson State University's mission statement calls upon the institution to provide educational services to the predominantly rural citizenry of the region at the bachelor of arts and associate degree levels. A firm foundation in the liberal arts, including natural sciences, is needed for both degrees. Moreover, the institution's mission is to provide support for the economic well-being and growth of North Dakota. Dickinson State University cannot continue to fulfill its mission adequately without a modern science facility providing for a safe and efficient learning/teaching environment.

The institution's current enrollment of 2,326 students more than doubles the enrollment of 912 students in 1963. The success of the institution in attracting students is creating logistical problems as students compete for laboratory time and faculty are challenged to increase class sizes within limited and inadequate confines. Safety issues are of great concern as students crowd sub-standard workstations and fume hoods. The original HVAC systems being forty years old are no longer capable of maintaining air quality and balanced temperatures conducive to a teaching/learning environment. Makeshift apparatuses are being utilized to address facility shortfalls while the lack of adequate chemical/specimen storage areas and the presence of asbestos structural materials pose definite liability threats. The Budget Committee on Government Services had an opportunity to view Murphy Hall during their campus tour. Many of their comments echoed the institution's concerns relative to safety, health, building code, equipment, and energy conservation issues.

Dickinson State University was successful in acquiring $45,000 from the Office of Management and Budgets' facility preplanning fund. The revolving fund was established by NDCC 54-27-22 for the purpose of addressing consulting and planning fees for proposed capital projects. Murphy Hall is structurally sound but needs immediate attention if it is to be effective as one of the primary facilities serving our students. The institution through the OMB funded planning process engaged the architectural firm of Hulsing & Associates of Dickinson, ND in conjunction with a nationally recognized consulting firm specializing in science/laboratory facilities, Research Facilities Design

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(RFD), to design an educational facility that addresses immediate needs and provides for adequate and appropriate space in support of envisioned change.
During the programming phase of this project, it was found that the existing building of 26,592 square feet did not meet the needs of the institution. After reviewing courses that were taught in this building, numbers of sections, past enrollments, and courses that need to be added to the curriculum, a program of space requirements was developed. The program showed a need of an additional 32,018 square feet to bring the building to a total of 57,384 square feet. The schematic design cost estimate relative to the proposed staged facility totals $9,732,335 of which an estimated $5,882,047 would be expended on stage I construction during the 2003-2005 biennium with the balance of $3,850,288 expended on stage II construction bringing closure to the project during the 2005-2007 biennium.

Due to the presence of asbestos in the existing building the project can most effectively be addressed through phased construction requiring that construction funding authority be available for two consecutive bienniums. Phase I would include the construction of the addition while the existing building remains occupied. Egress from the occupied building would need to be maintained throughout the construction of the addition. Phase II of the project would involve relocating specifically identified operations from the existing building into the addition while the asbestos was removed and the existing structure was remodeled.

FUTURE INCREASED COSTS ASSOCIATED WITH PROJECT APPROVAL

	2003-2005	2005-2007	2007-2009
FTE Employees	2	2	2
Salaries & Wages	$ 51,480	$ 106,790	$ 113,594
Operating Expenses	172,360	209,126	216,275
Total General Fund	$ 223,840	$ 315,916	$ 329,869

During the 2003-2005 biennium, salaries and wages would be utilized for only the second year in the biennium. Operating expenses reflect current pro-rata square foot costs of facility operations for only the second year of the 2003-2005 biennium. Additional supply costs during the first biennium shall be incurred in support of lab start-ups (glassware, etc.). Future biennia reflect the anticipated routine costs of doing business.

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MEMORANDUM

RESEARCH
FACILITIES
DESIGN

DATE: September 20, 2000

TO: Janet Prchal, Hulsing Associates, P.C.

PROJECT: Dickinson State University – Murphy Hall
Dickinson, ND
RFD Project No. 2000022-41

FROM: Edward G. Johnson

SUBJECT: DSU Murphy Hall

On September 12 representatives from Hulsing Associates, Prairie Engineering, Research Facilities Design and DSU reviewed existing conditions at Murphy Hall relative to current building code and life safety standards. The comments below reflect our observations. Many of the comments are general in nature and apply to the entire building.

1. Two of four fume hoods in the Chemistry labs 109 and 110 are not operating. The fumehoods that appear to be working have questionable air velocities at the sash opening. Both laboratories have a chemical smell that indicates the air is not being exhausted adequately. Open chemical containers are being stored in the inoperative fumehoods. Inoperative fumehoods may be giving a false sense of chemical fume protection.
2. The chemical stock area 114 is vented directly into Chemistry lab 110 via open partition at ceiling level. Chemical odor in lab 110 is very prominent. There is no fumehood in the chemical storage area for solvent and chemical dispensing. For ventilation the doors to all laboratories must remain open for air to flow into the corridors and eventually to the second floor return air louvers. There is no apparent exterior exhaust.
3. Solvent containers are being stored in several small unvented closets.
4. The building elevator does not have fire rated vestibules as require by code.
5. The risers height of all interior building stairs exceeds that allowed by current code. The open four story stair towers exceeds the two-story code limit. Stairs leading into basement requires an exiting gate directing egress to ground level exits. Code allows no storage under stairs.

3965 Fifth Avenue, Suite 300
San Diego, California 92103-3107
TEL: (619) 297-0159
FAX: (619) 294-4901

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6. The autoclave in the glass wash area is not properly vented. Fire alarm is often actuated when autoclave is opened.
7. The structural ceilings and portions of walls in second floor spaces appear to be covered with an asbestos based acoustic material. The acoustic material is beginning to flake off above several doorways. It is recommended that this material be tested for asbestos, the flaking areas should be repaired and consideration be given to total removal.
8. Anatomy Laboratory 213, adjoining corridor and support laboratory spaces have a strong odor of formaldehyde (the EPA has determined that formaldehyde is a carcinogenic hazard). It is recommended that this condition be tested for allowable contamination levels and remedied immediately if necessary.
9. Greenhouse on third floor has no apparent ventilation and has no natural light. The heat generated by the required artificial light source makes the space uninhabitable due to the excessive heat generated. The space appears to be unusable as a functioning greenhouse.
10. Stockroom 215 has a very strong chemical odor. There is no direct ventilation of this space.
11. Most laboratories do not have master natural gas shut off valves.
12. Temperature control throughout the laboratories and classrooms is poor. Overheating of spaces is a reoccurring problem.
13. All return air from building spaces is drawn into the nearest corridor and circulated back into laboratories and classrooms via the return air ducts at the second floor. This condition not only compromises building air quality but also creates a potentially serious fire and smoke hazard to building occupants. If a fire occurs, all the smoke and heat will be drawn into the corridors. Current code requires that 100% of the air exhausted from laboratory spaces be ducted directly to the building exterior. All laboratory spaces must be maintained at a negative pressure relative to non-laboratory areas.
14. The waste drainpipes in many island sinks are no properly vented. This can cause traps to siphon allowing sewer and acid fumes to enter the laboratories.
15. Building plumbing fixtures do not meet ADA requirements.
16. Generally there is a distinct chemical odor throughout the building. This suggests that the quality of air in Murphy Hall may be a serious health hazard to students, faculty and visitors. It is recommend that the air quality be immediately tested for contamination.

Copy: RH/RFD

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EMERGENCY ALERT – POTENTIALLY HAZARDOUS LEVELS OF TOXIC FUMES BEING CIRCULATED WITHIN MURPHY HALL

On Tuesday, September 12, 2000, Dickinson State University was informed by Mr. Ed Johnson, the consultant providing an on-site review of Murphy Hall facilities as a part of the Capital Project Pre-planning process, that there exists a potentially hazardous situation within Murphy Hall which could have associated health risks. The consultant detected that the ventilation system was inadequately exhausting toxic fumes associated with a laboratory experience allowing the toxic fumes to be circulated throughout the facility. The substance involved in this incident was formaldehyde. The material safety data sheet referenced to identify the potential associated health hazards states that formaldehyde is **"Toxic. May cause cancer. May cause heritable genetic damage. Toxic by inhalation, in contact with skin, and if swallowed, causes burns. May cause sensitization by inhalation and skin contact. Readily absorbed through skin. Target organs: Eyes, Kidneys..."** Recognizing that this is not an isolated incident and that the inadequacy of the HVAC systems may indeed foster a hazardous environment throughout Murphy Hall, the institution has taken the following action:

- Hired Badlands Environmental Consultants, Inc. to gather samples and perform air quality analysis within Murphy Hall to verify the presence and levels of concentration of formaldehyde in the building's environment.

- Engaged the services of Prairie Engineering to identify deficiencies within the existing ventilation system and propose effective remedies that would immediately address the situation.

- Notified the North Dakota University System staff of the potentially hazardous situation in an effort to obtain guidance relative to approaching the situation and to inform the staff of the potential need for emergency fiscal resources in support of upgrading the ventilation system.

- Created a higher level of awareness in faculty and administrators associated with the supervision of laboratory experiences of the need for them to seek alternative approaches to their laboratory experiments which would minimize/eliminate any potentially uncontrolled human exposure to hazardous materials.

Results of the air quality tests performed by Badlands Environmental were received on September 19. We were informed that OSHA's permissible exposure level relative to formaldehyde is .75 parts/million. The air sample taken within the laboratory setting contained 1.2 parts per million (ppm), a level well over OSHA's permissible exposure limit for a sustained period of time. The hallway air sample recorded .16 ppm, a level within the established OSHA limit. According to a "time weighted average" formula that OSHA uses to determine potential health risks, the amount of exposure time to a given toxic level becomes a crucial element. The "time weighted average" calculated in relationship to a typical two hour laboratory experience would factor to an exposure level

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of .31 ppm, well below the .75 ppm OSHA standard. This factored level along with the levels found in the hallways indicate that there is not an immediate health risk to the students. The greater risk may be to faculty and staff members who spend increased exposure time within the facility on a regular basis. As we approach the cool weather seasons, air quality conditions may worsen as the HVAC systems bring in less outside air and instead recirculate more of the inside air. Of additional concern to the institution is that this specific incident focuses our attention on formaldehyde when there are many other toxic chemicals stored within Murphy Hall and utilized within the laboratory experiences.

Prairie Engineering has also responded with a short-term fix to conditions existing on the west side of the building where the major chemistry stockroom and biology laboratories exist. It would consist of installing a large upblast exhaust fan on the roof and drawing from the two floors below. A new make-up air unit would be needed to heat the increased intake amount of fresh air. A fire detection system that would immediately shut down the HVAC systems in the case of fire is a must. The cost associated with these proposed modifications is estimated at $120,000.

Given the recommendation of Ed Johnson, our national consultant with Research Facilities Design, and after considering the findings relative to the air quality tests, and recognizing that there is a potentially greater immediate risk associated with other toxic substances being utilized within the facility, Dickinson State University requests the following:

- That the State Board of Higher Education allow the institution to work with the Chancellor to identify and implement appropriate short-term measures to address the air quality issues in Murphy Hall
- That the State Board of Higher Education authorize the Chancellor to utilize existing Board Contingency Funds in addressing short-term remedies.
- That the State Board of Higher Education reconsider the existing prioritization of the 2001-2003 Campus Major Capital Projects recognizing the immediate need to address the safety hazards in Murphy Hall on a long-term basis.

With the Legislative Council Budget Committee on Government Services and local legislators being on campus for their Legislative Budget Tour on Tuesday, September 19, the known elements associated with the potentially hazardous conditions within Murphy Hall were shared with the group. Chancellor Larry Isaak was in attendance at the meeting. State Board of Higher Education President Bill Isaacson was informed of the findings of Badlands Environmental Consulting. In an effort to inform the University community of the situation, a memo has been sent from President Dr. Lee A. Vickers explaining the specifics regarding this situation assuring that any threat to the health and safety of Dickinson State University students, faculty, or staff will be dealt with immediately.

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MURPHY HALL "SHORT TERM" AIR QUALITY IMPROVEMENT PROGRESS

The State Board of Higher Education authorized the Chancellor to utilize Board Contingency Funds in an amount not to exceed $150,000 to perform emergency measures designed to improve the air quality standards within Murphy Hall. The institution acquired architectural and engineering services to develop a process to increase the amount of air movement supporting the structure within the limitations of the facility. The design called for the surface mounting of additional duct work serving the laboratories. This additional duct work is complemented by a make-up air unit and several exhaust fans. The presence of asbestos throughout the facility has created several challenges but contractors have responded in great fashion. Semester break is serving as the time to bring the project together. With a completion date set for January 8, 2001, the institution is encouraged that improved air quality standards will exist within Murphy Hall at the start of Spring Semester.

SUMMARY OF CORRECTIVE ACTIONS COMPLETED

Murphy Hall Temporary Ventilation Project

The Murphy Hall Temporary Ventilation Project was substantially completed on January 17, 2001 at a cost of $117,974. The project costs were addressed by a $100,000 transfer from the Board's "Contingency and Capital Improvement Emergency Fund" with the balance being covered through internal reallocations made by Dickinson State University.

The primary purpose of the Murphy Hall Temporary Ventilation Project was to isolate rooms or areas where chemical vapors existed so that those vapors were not carried into the corridors and recirculated into all of the classrooms and offices within the building. The modified system is functioning as intended. Once the system was balanced, the laboratories and chemical storage rooms were running at a negative pressure relative to the corridors thus minimizing vapors from the labs from entering the corridors and being recirculated. This was accomplished by delivering increased quantities of supply air into the upper level corridor of the building. A 100% outdoor rooftop air make-up unit provides the fresh air distributing it via the existing air ductwork. As a result, increased amounts of air are now capable of being exhausted from each of the experimental laboratories and chemical storage rooms.

Mention needs to be made to the fact that in an attempt to address the ventilation concerns in as brief of timeframe as possible and in view of budget constraints and the proposed Murphy Hall Renovation and Addition Project, Dickinson State University acquired and installed a used rooftop make-up air handler obtained at no cost from Minot State University. Installation of the used unit allowed the institution to proceed with the corrective action rather than having to wait several months for the production of a new unit. The decision to use this unit was also based heavily on the premise that this installation was part of a "temporary" fix. It should also be noted that with the large amount of outdoor make-up air now being drawn into the facility, the cost to heat this air

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will negatively impact upon our energy costs. Cooling units were not installed in conjunction with the outdoor air make-up unit. This may create future problems in that we may not be able to cool the facility adequately during certain times of the year to provide a conducive learning environment. The steam converter and expansion tank installed to compliment this project were sized to allow for their reuse when the facility is renovated.

Disposal of Outdated Chemicals from Storerooms/Laboratories

The institution worked with the faculty in the Natural Sciences in inventorying chemicals within storerooms and laboratories. Any outdated chemicals were identified as such and disposed of utilizing the chemical disposal firm of Waste Recovery Services, Inc. of Belfield, ND.

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DOCUMENTATION SUMMARIZING/SUPPORTING THE PROGRAMMING PHASE ASSOCIATED WITH THE MURPHY HALL RENOVATION AND EXPANSION PROJECT

Recommendation Report (Architect and Consultant)	17 – 20
Program Summary (Proposed Space Detail)	21 – 22
Program Review (Comparisons With National Standards)	23 – 29
Courses/Enrollment Served by Murphy Hall (2001 – 2002)	30 - 33

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Recommendation Report

A. Additional new space required.

During the programming phase of this project, it was found that the existing building of 26,592 square feet did not meet the needs of the institution. After reviewing courses that are taught in this building, number of sections, past enrollment, and courses that need to be added to the curriculum a program of space requirements was developed. The program shows a need of an additional 32,010 square feet to bring the building to a total of 58,602 square feet.

Murphy Hall was built in 1963 when the enrollment at Dickinson State was 912 Students. It housed laboratories for Chemistry, Biology and Physics with two classrooms for Mathematics. The original plans show a greenhouse and observatory which were never built. Several remodelings have changed the original structure; vestibules with offices above were added to the east and west entries, an elevator was added to meet accessibility requirements, the coat room has been turned into interior offices, the Chemistry Stockroom was changed into the Department Chair's Office, the Balance Room is used for a student study area, the General Chemistry Room was reduced to accommodate the relocated Stockroom, and office spaces are used as storage rooms. The platform for the future observatory is used as a greenhouse that has no windows. Mechanical Rooms are also used as storage rooms.

In the original 1963 building the Analytical Chemistry Lab was built with 24 Student Stations and the General Chemistry Lab for 36 student stations that was reduced to 24 when the stockroom was added. The Advanced Biology Lab was built with 24 student stations, one General Biology Lab was built with 24 student stations and the other with 36 student stations. The Physics Lab was built for 24 student stations and the Physical Science Lab for 24 student stations. The Math Department was moved out of Murphy Hall in1997 and the two classrooms used for math are now a computer laboratory and a classroom.

Nationally, current standards for teaching laboratories has student stations per laboratory at 24 for safety and teaching effectiveness. To incorporate their needs and to prepare for the future, the existing laboratories need to be redesigned.

Since 1963 different technologies, more stringent safety standards, handicap accessibility along with new curricula and an increased enrollment has made additional space necessary to this facility. The enrollment for Dickinson State University for the 1999 fall semester was 1,867. An increase of 105 % of students since 1963. The majors offered at the institution require heavy concentrations of science such as the Nursing Program, Teacher Education Program, Agricultural Program and Pre-Professional course work. A facility of 58,600 square feet would bring Dickinson State's Natural Science Department's physical plant up to the level of similar colleges and universities of similar size and curricula regionally and

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nationally.

The suggested Laboratory Spaces are as follows:

General Chemistry and Introductry Chemistry currently have an enrollment of 136 students broken into seven laboratory sections. The two General Chemistry Labs will be used for these courses, one lab will be scheduled for three sections and one for four sections per week. One Chemistry Lab will also be used as an Organic Chemistry Lab with an enrollment of 27 students in one section per week.

The Analytical Chemistry section is somewhat smaller and has a utilization of two sections per week. Because this laboratory has a more specialized design for intensive equipment use, it would be difficult to provide the required curriculum in a General Chemistry Laboratory. Constructing this laboratory as scheduled with 1260 s.f. will provide for increased enrollment that will very likely occur in this field and space for required instrumentation.

Providing Chemistry and Biology Research Laboratories for undergraduates use is common at new science building projects. The addition of one research laboratory in both Chemistry and Biology is a minimum recommendation for advanced undergraduate projects.

The General Biology Laboratories have a utilization rate of 222 students in seven sections, which is 31.7 students per section, seven students over the 24 student per lab ratio that is recommended. Three more sections and additional laboratory space is needed to stay within the standards. The Microbiology Laboratory has a utilization of 40 students in two sections. Like the Analytical and Physical Chemistry Laboratories, Microbiology requires specialized curriculum with unique requirements and separate laboratories must be if this course is to be offered. Microbiology and Genetic curriculum is a fast growing field and has a strong presence in other new undergraduate science facilities.

Adequate preparation space, an animal space, greenhouse and cadaver storage reflect what is being provided at other undergraduate institutions to offer students and faculty flexibility in adapting to fast changing science programs and an ever-demanding curriculum that includes more technology and research components.

In summary, the laboratories shown in the Laboratory Space Summary (attached) are recommended to meet both present enrollment requirements and future increased enrollment.

The future enrollment potential of the new science facility will ultimately depend on a balance between the total number of faculty members and the level of faculty and laboratory availability.

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The location for the addition is dictated by site constraints and use of the existing building during construction. The space to the west slopes toward the building making drainage and access difficult. The President's Residence is also located to the northwest of the site. The north side of the building was selected for a portion of the addition, but it is adjacent to a residential street that has a 25 foot setback from the property, therefore the entire addition could not be placed here. The east side of the building slopes away from the building and is adjacent to the parking lot and is of substantial size making it a good location for the addition. The south side of the building is restricted by a road and a steep slope towards the building making this a poor location to add to the building.

Selection of functions to be placed in the addition was based upon cost and continuing existing lab course work during the Construction. The existing building was built with pre-cast concrete tees for floor and roof systems supported on load bearing walls that makes remodeling of the space for the labs with a high plumbing and ventilation requirements difficult and expensive. Therefore, the Chemistry and Biology Labs were placed in the addition while the Physics Lab and Natural Science Labs were relocated within existing Lab spaces. The other spaces in the existing building were used for classrooms and functions that did not require expensive changes to the structural and mechanical systems.

B. Multiple Phases of project.

Due to the presence of asbestos in the existing building the project must be phased, requiring funding authority for two consecutive bienniums.

C. Phasing Solution.

Phase I: Would include the construction of the addition while the existing building is still occupied. Egress would need to be maintained throughout the construction.

Phase II: Would involve relocating operations from the existing building into the addition while the asbestos was removed and the structure was remodeled. Exiting from the new building would need to pass through the existing building along with any handicap accessible traffic. Closing off the entire existing building could be scheduled between semesters at breaks and at times during the summer.

D. Relocation Plan.

Phase I: Would not require relocation of any of the existing programs or operations except for egress changes.

Phase II: Would relocate the existing three Chemistry Labs into the new three Chemistry Labs in the addition. The three existing Biology

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Labs and prep would relocate into three new Biology Labs and prep in the addition. The Physics Lab would temporarily relocate into the Analytical Chemistry Instrument Room. The Natural Science Classes would be temporarily taught in a General Biology Lab in the new addition. Restrooms, janitorial and mechanical spaces to handle the new addition would be in the new addition. The classes from the existing Lecture Auditorium would be moved into the new Auditorium. The Chemistry Lecture would be taught in a new Auditorium. The Computer Lab would be temporarily relocated in the Tutoring/Student Projects room and Student Study room. The Department Chair, Secretary and Workroom would relocate to the new building as would the faculty offices.

After remodeling of the existing building the Physics Laboratory would again relocate, the Natural Sciences would relocate, Anatomy would be taught in its own lab moved from the General Biology Lab. The Computer Lab would be relocated freeing the Tutoring/Student Projects and Student Study rooms. Lecture classes of 75 and less could be moved from the Auditorium to the remodeled Lecture Hall. The Chemistry and Biology Student/Faculty Research Labs could be utilized as could the computer lecture room.

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MURPHY HALL RENOVATION AND EXPANSION
DICKINSON STATE UNIVERSITY

September 11, 2000

PROGRAM SUMMARY

Room	Stations	Net Square Feet	Existing Square Feet
CHEMISTRY DEPARTMENT			
General Chemistry Lab #1	24	1260	819
Organic/General Chemistry Lab #2	24	1260	1203
Analytical/Physical Chemistry Lab	24	1260	915
Chemistry Student Research Lab	6	630	-
Instrument Room	6	945	-
Chemistry Prep/Glassware	0	945	285
Chemistry Stockroom	0	630	306
		6,930	3,528
PHYSICS DEPARTMENT			
Physics Lab	24	1260	940
Physics/General Science Lab	*	0	940
*To be shared with Biology/Nat. Science/ Geology/Ecology/Paleo.			
Physics Workroom/Storage	-	630	153
		1,890	2,033
BIOLOGY DEPARTMENT			
General Biology Lab #1	24	1260	915
General Biology Lab #2	24	1260	1203
General Lab: Biology/Phys. Sci./Nat. Sci. Geology/Paleontology/Ecology Lab	24	1260	915
Anatomy Lab/Physiology	24	1575	-
Microbiology Lab	24	1260	-
Biology Research Lab	6	630	-
Cadaver Room	-	100	-
Biology Prep (3 Rooms)	-	990	304
Natural Science/Ecology Prep		330	-
Geology/Paleo Prep		330	-
Specimen Storage	-	660	400
Biology Equipment Room	-	315	-
Glass-wash/Autoclave	-	450	240
Greenhouse	-	2000	-
Hazardous Waste Holding	-	60	-
Animal Suite	-	450	-
		12,930	3,977
Sub Total Laboratories		21,750	9,538

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Murphy Hall Program Summary
September 11, 2000

Room	Staff or Students	Net Square Feet	Existing Square Feet
LECTURE ROOMS			
Auditorium/Large Lecture	130	2600	1870
Medium Lecture	75	1875	0
Small Lecture #1	30	900	915
Small Lecture #2	30	900	552
Small Lecture #3	30	900	0
Seminar	20	600	0
Computer Lecture	24	960	0
Computer Studer ' Laboratory	24	960	0
Computer Applications	16	640	597
		10,335	3,934
ADMINISTRATION / FACULTY			
Reception / Secretary	1	200	110
Workroom / Record Storage	-	220	70
Dept Chair Office	1	220	304
Conference / Faculty Lounge	12	300	0
Special Projects	12	300	0
Faculty Offices	10	1750	965 (6)
Adjunct Office	2	220	0
		3,210	1,449
STUDENT AREAS			
Student Study	12	360	154
Special Projects / Tutoring	12	300	0
		660	154
SUPPORT AREAS			
Restrooms	-	1500	576
Custodial	-	160	54
General Storage	-	800	948
AV Equipment Storage	-	100	0
Mechanical/Electrical	-	2800	1482
		5,360	3,060
Subtotal		41,315	18,135
Gross SF Factor .42 (Corridors, Walls, ect.)		17,352	8,457 (0.466)
Total		58,667	26,592

Additional Space Required: 32,075 S.F.

Prepared by Hulsing and Associates in conjunction with RFD

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April 17, 2002

Alvin Binstock
Dickinson State University
Business Affairs
Dickinson, ND 58601

REGARDING: **Murphy Hall**
Dickinson state University
RFD Project No. 20000022- 01

Dear Alvin,

Pursuant to our conversation this afternoon regarding space analysis of the proposed Dickinson State University (DSU) expansion of Murphy Hall please find the following attachments.

- RFD teaching laboratory analysis spreadsheet comparing the net square footage (NSF) per student within each laboratory type of twenty undergraduate teaching institutions.
- RFD benchmarking comparisons from thirteen undergraduate teaching institutions of laboratory space per faculty member (FTE).

Please note that the average figures indicated in the attached spreadsheets are comparable to the proposed Murphy Hall addition and renovation program summary figures.

In addition we have analyzed a 1999 study done by the national planning firm Dober, Lidsky, Craig Master Planners which indicates the proposed Murphy Hall teaching laboratory space provided per faculty member is comparable to 44 other undergraduate facilities. This study indicates:

- Average NSF/FTE Biology – (national study) 2260 NSF (Murphy Hall) 2340 NSF.
- Average NSF/FTE Chemistry – (national study) 2550 NSF (Murphy Hall) 2772 NSF.
- Average NSF/FTE Physics - (national study) 2260 NSF (Murphy Hall) 1890 NSF.

The NSF/FTE studies above do not include the greenhouse (2000 NSF) and animal suite (450 NSF). These spaces are intended for multi user group access within the University.

In summary it is our opinion that the proposed new laboratory space for the Murphy Hall biology, chemistry and physics programs fall within national standards and trends of comparable undergraduate teaching institutions.

Sincerely,

Edward G. Johnson, AIA
Project Manager

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Teaching Laboratory Area Analysis - NSF/Student Station

	Biology				Chemistry				Physics	
	Intro/General Biology	Micro/Cell Biology	Anatomy & Physiology	Botany/Plant Biology	Intro/General Chemistry	Organic Chemistry	Biochemistry	Phys./Analytical Chemistry	Intro/General Physics	Advanced Physics
Projects										
Spelman College Science Center	50	48	49	49	50	58	54	55	43	55
Grinnell College Noyce Science Center	52	53	56	51	57	84	52	62	49	
Morningside College Science Center	54	53	53	54	54	66	53	54	81	79
University of Redlands Science Building	49	59	55	56	51	56		50		
St. John's University Science Center	52	48	44	44			59			
Hendrix College Physical Sciences Building	52	52	52	52	50	50	50	50	50	59
Carroll College Science Center	42	45	54	42	47	57	47		40	
Edgewood College Science Center	60	75	60	60	67	75		61	61	
Carleton College Science Buildings	41	41	41	41	61	37			43	47
Norwich University Science Building	55	62	70	40	54	46		60		
Kennesaw State Science & Allied Health Buildin	44	50	38	44	43	43	43	56		
Valdosta State Biology & Chemistry Building	50	50	50	50	50	50	50	56		
Adams State Science Building	47	47	48	52	47	46	53	50	46	49
Bismarck State Science Building	57	53	53		66	47			53	
Brigham Young University Chemistry Building					40	43	54	56		
GVSU Life Sciences Building	43	45	37	34	42	35	39	39	59	
Cameron University Science Building	35	35	35	35	35	35	35	35	41	40
Illinois State Biology & Chemistry Building	38	54		42	50	55	58	46		
NMSU Chemistry Building						49	51			
Lander College Science Building	51	51	52	52	69	82	67	68	38	
Dickinson State University Murphy Hall	52	52	65		52	52		52	52	
Low NSF/Station	**35**	**35**	**35**	**34**	**35**	**35**	**35**	**35**	**38**	**40**
Average NSF/Station	**49**	**51**	**51**	**47**	**52**	**53**	**51**	**53**	**50**	**55**
High NSF/Station	**60**	**75**	**70**	**60**	**69**	**84**	**67**	**68**	**81**	**79**

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Teaching Laboratory Area Analysis - NSF/Student Station

	Biology				Chemistry				Physics	
	Intro/General Biology	Micro/Cell Biology	Anatomy & Physiology	Botany/Plant Biology	Intro/General Chemistry	Organic Chemistry	Biochemistry	Phys./Analytical Chemistr	Intro/General Physics	Advanced Physics
Projects										
Spelman College Science Center	50	48	49	49	50	58	54	55	43	55
Grinnell College Noyce Science Center	52	53	56	51	57	84	52	62	49	
Morningside College Science Center	54	53	53	54	54	66	53	54	81	79
University of Redlands Science Building	49	59	55	56	51	56		50		
St. John's University Science Center	52	48	44	44			59			
Hendrix College Physical Sciences Building	52	52	52	52	50	50	50	50	50	59
Carroll College Science Center	42	45	54	42	47	57	47		40	
Edgewood College Science Center	60	75	60	60	67	75		61	61	
Carleton College Science Buildings	41	41	41	41	61	37			43	47
Norwich University Science Building	55	62	70	40	54	46		60		
Kennesaw State Science & Allied Health Building	44	50	38	44	43	43	43	56		
Valdosta State Biology & Chemistry Building	50	50	50	50	50	50	50	56		
Adams State Science Building	47	47	48	52	47	46	53	50	46	49
Bismarck State Science Building	57	53	53		66	47			53	
Brigham Young University Chemistry Building					40	43	54	56		
GVSU Life Sciences Building	43	45	37	34	42	35	39	39	59	
Cameron University Science Building	35	35	35	35	35	35	35	35	41	40
Illinois State Biology & Chemistry Building	38	54		42	50	55	58	46		
NMSU Chemistry Building						49	51			
Lander College Science Building	51	51	52	52	69	82	67	68	38	
Dickinson State University Murphy Hall	52	52	65		52	52		52	52	
Average NSF	49	51	51	47	52	53	51	53	50	55

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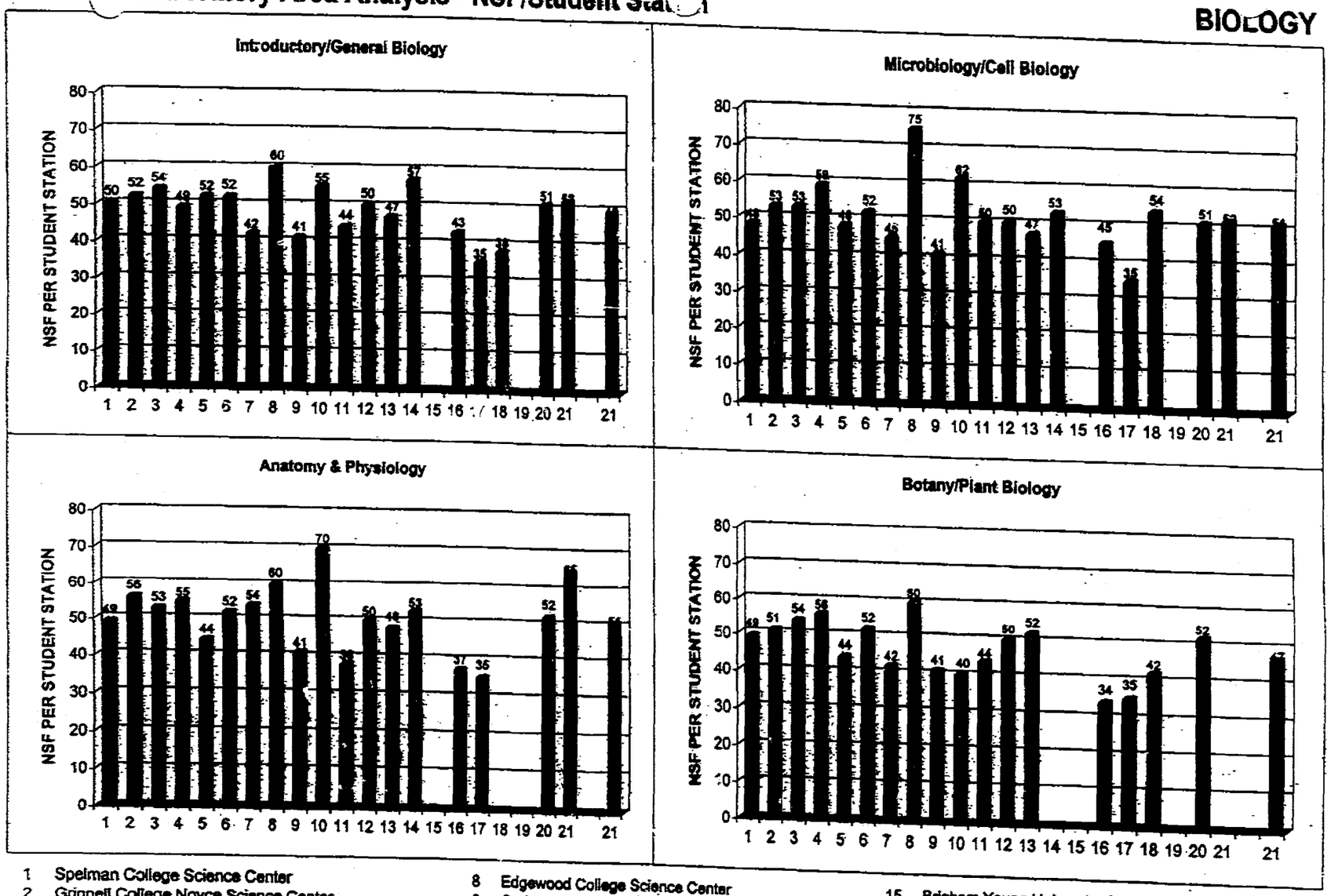
BIOLOGY



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4 University of Redlands Science Building
5 St. John's University Science Center
6 Hendrix College Physical Sciences Building
7 Carroll College Science Center
8 Edgewood College Science Center
9 Carleton College Science Buildings
10 Norwich University Science Building
11 Kennesaw State Science & Allied Health Building
12 Valdosta State Biology & Chemistry Building
13 Adams State Science Building
14 Bismarck State Science Building
15 Brigham Young University Chemistry Building
16 GVSU Life Sciences Building
17 Cameron University Science Building
18 Illinois State Biology & Chemistry Building
19 NMSU Chemistry Building
20 Lander College Science Building

21 Average NSF

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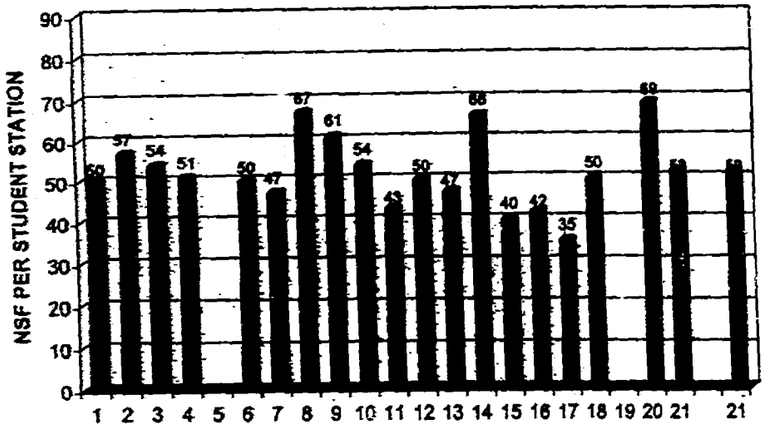
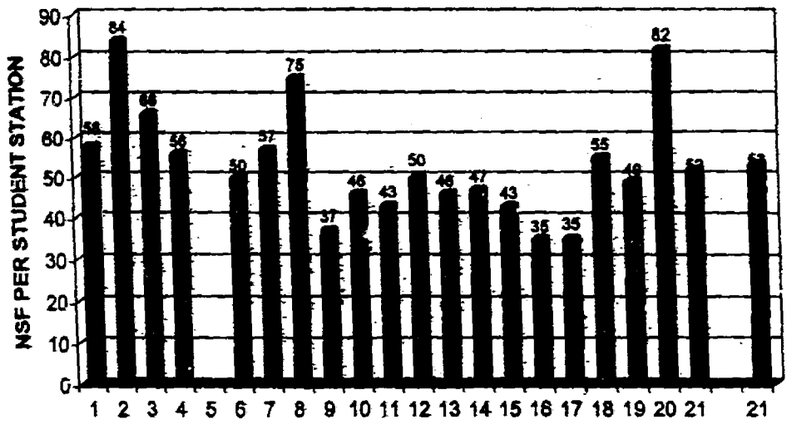
Teaching Laboratory Area Analysis - NSF/Student Station

CHEMISTRY

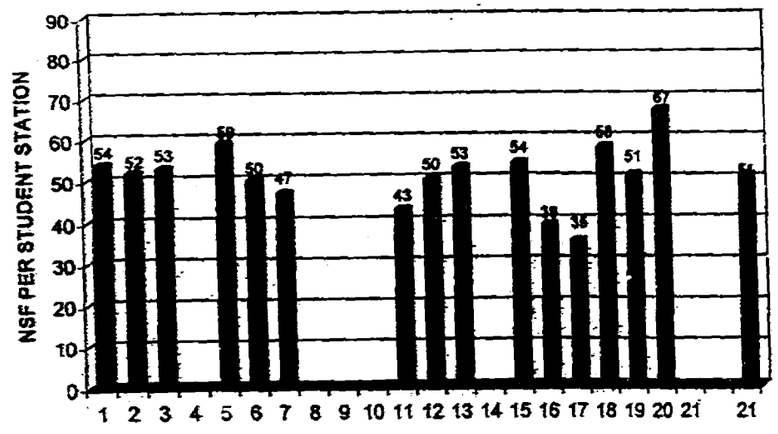
Introductory/General Chemistry



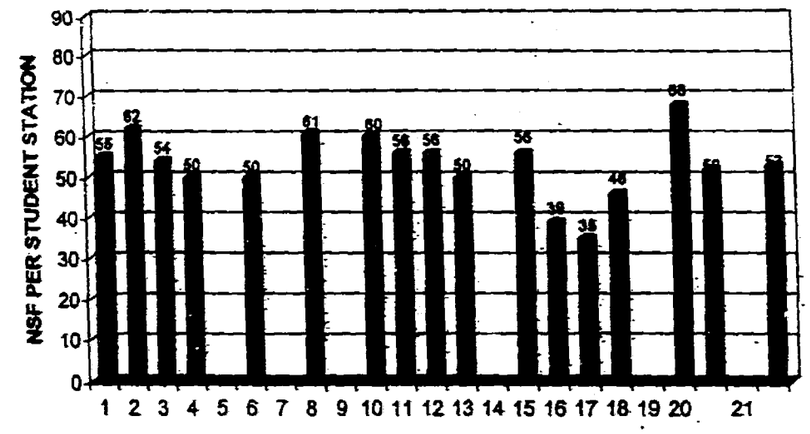
Organic Chemistry



Biochemistry



Physical/Analytical Chemistry



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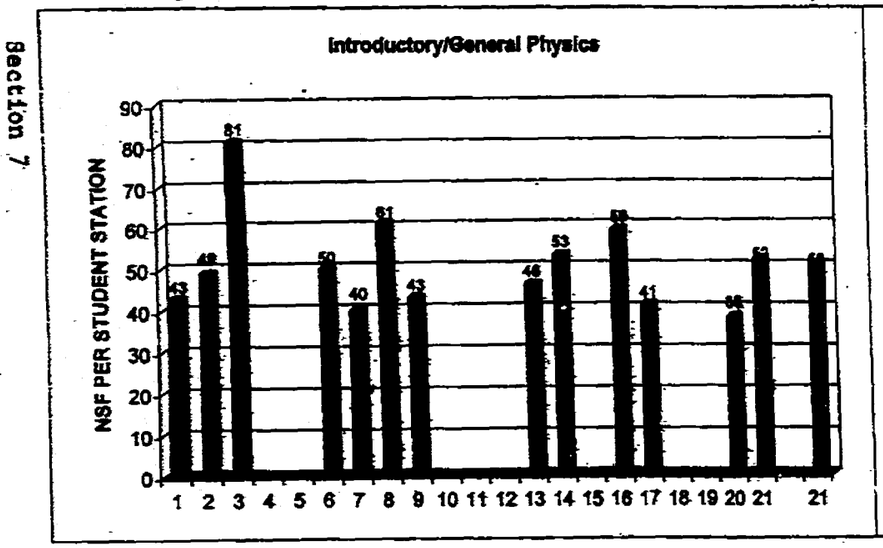
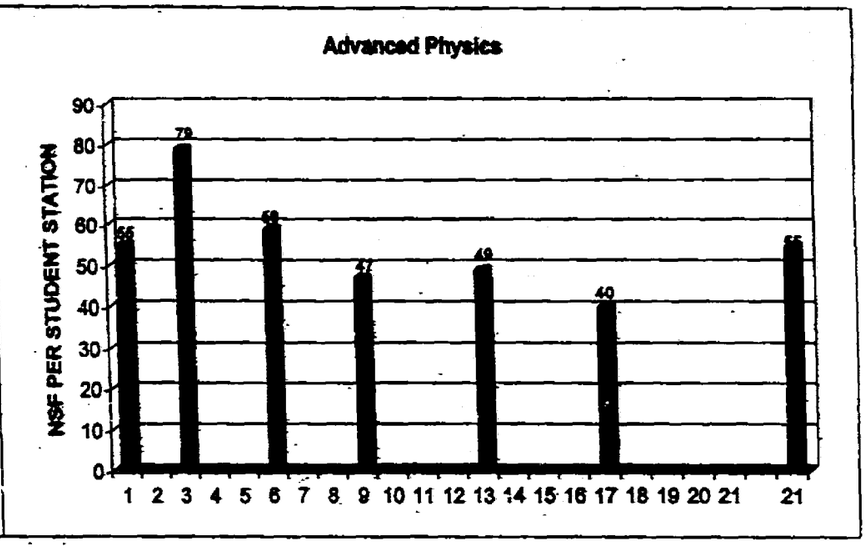
Teaching Laboratory Area Analysis - NSF/Student Station





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AREA BENCHMARKING COMPARISONS AMONG UNDERGRADUATE INSTITUTIONS

April 17, 2002

Net Square Feet per Faculty Full-time Equivalent (FTE)

Institution	Biology			Chemistry			Math/Comp. Sci.			Geology			Physics			Totals
	Total NSF	FTE	SF/FTE	Total NSF	FTE	SF/FTE	Total NSF	FTE	SF/FTE	Total NSF	FTE	SF/FTE	Total NSF	FTE	NSF/FTE	
Augustana College	22,400	9	2,489	19,500	9	2,178	N/A						6,900	5	1,380	
Beloit College	19,000	6	2,375	12,610	6	2,102	4,370	6	728				11,400	3	3,800	
Bowdoin College	21,300	7	3,043	22,100	6	3,683	N/A						13,100	4	3,275	
Colby College	24,000	10	2,400	21,200	7	3,029	3,900	10	390				6,700	6	1,117	
Dickinson College	N/A			23,517	9	2,613	9,071	10	907				15,800	11	1,436	
Grinnell College	23,470	9.2	2,551	20,660	6.8	3,038	N/A						17,906	5.6	3,198	
Hope College	32,191	16	2,012	28,686	16	1,793	N/A						N/A			
Macalester College	20,239	7.5	2,699	17,930	7	2,561	5,782	11	526				12,116	4	3,029	
St. Olaf College	37,583	14.5	2,591	28,883	10.33	2,796	15,983	9.17	1,743							
University of St. Thomas	23,500	11.1	2,117	16,725	9	1,858	15,975	26.33	607				9,775	4.4	2,222	
Williams College	28,400	13.1	2,168	N/A			5,900	9.4	628				N/A			
Average NSF/FTE			2,444			2,585			790	DLCA Avg.		2,280			2,432	
Dickinson State University Murphy Hall	10,530 See notes	4.5	2,340	6,930	2.5	2,772	n/a			n/a			1,890	1	1,890	

NOTES:

1. Information for this analysis was gathered from a variety of sources, including building architects, master plan consultant, and RFD's own database.
2. NSF (net square feet) figures include all departmental space (such as teaching and research laboratories, laboratory support space.
3. NSF figures do NOT include classroom spaces.
4. NSF figures do NOT include corridors, toilets, custodial space, stairs, elevators, shafts, mechanical/electrical equipment spaces, etc.
5. Biology figure does NOT include the green house or animal suite.

COURSES/ENROLLMENTS SERVED BY MURPHY HALL
FALL SEMESTER (2001)

Fall Semester - 2001 Department	Course		Enrollment
Biology			
	BIOL 111	Concepts of Biology	56
		Sec 2	72
	BIOL 111L	Concepts of Biology Lab	22
		Sec 2	14
		Sec 3	22
		Sec 4	22
		Sec 5	22
		Sec 6	22
	BIOL 150	General Biology I	69
	BIOL 150L	General Biology I Lab	22
		Sec 2	28
		Sec 3	18
	BIOL 211L	Human Anatomy Lab	22
		Sec 2	21
		Sec 3	26
		Sec 4	27
	BIOL 250	Wildlife Management	33
	BIOL 315	Genetics	32
	BIOL 315L	Genetics Lab	31
	BIOL 340	Comparative Anatomy	14
	BIOL 357	Pathophysiology	22
	BIOL 370	Ornithology	4
	BIOL 415	Ecology	20
Chemistry			
	CHEM 115	Introductory Chemistry	72
	CHEM 115L	Introductory Chemistry Lab	21
		Sec 2	14
		Sec 3	12
		Sec 4	17
	CHEM 121	General Chemistry I	65
	CHEM 121L	General Chemistry I Lab	23
		Sec 2	21
		Sec 3	22
	CHEM 330	Quantitative Analysis	5
	CHEM 341	Organic Chemistry I	21
	CHEM 341L	Organic Chemistry I Lab	20
	CHEM 461	Physical Chemistry I	5
	CHEM 461L	Physical Chemistry I Lab	5
Communications			
	COMM 110	Fundamentals of Public Speaking	22
		Sec 2	30

Section 7 30

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Department	Course	Enrollment
Mathematics		
	MATH 102 Intermediate Algebra	61
	MATH 103 College Algebra	61
	Sec 2	50
	Sec 3	43
	Sec 4	40
	MATH 105 Trigonometry	11
Physics		
	PHYS 211 College Physics I	26
	PHYS 211L College Physics I Lab	12
	Sec 2	12
Science		
	SCI 101 Physical Science	45
	SCI 101L Physical Science Lab	16
	Sec 2	20
	Sec 3	7
History		
	HIST 299 History of Medieval Christianity	5
	HIST 499 History of Medieval Christianity	4
Sociology		
	SOC 292 Sex & Gender Roles	4
	SOC 492 Sex & Gender Roles	3
Secondary Education		
	SEED 490S Secondary Education Science Methods	8
University Studies		
	ASC 100 Freshman Seminar	15
Industrial Technology		
	IT 220 Drawing & Specification Techniques I	12
	TOTAL	**1471**

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9/20/02
Date

COURSES/ENROLLMENTS SERVED BY MURPHY HALL
SPRING SEMESTER (2002)

Department Spring Semester -- 2002	Course	Enrollment
Biology		
	BIOL 111 Concepts of Biology	56
	Sec 2	65
	BIOL 111L Concepts of Biology Lab	26
	Sec 2	24
	Sec 3	26
	Sec 4	22
	Sec 5	20
	BIOL 212 Human Physiology	65
	BIOL 212L Human Physiology Lab	23
	Sec 2	39
	BIOL 231 Botany – Nonseed	36
	BIOL 247 Vertebrate Zoology	22
	BIOL 300 Environmental Biology	31
	BIOL 302 Survey of Microbiology	47
	BIOL 302L Survey of Microbiology Lab	22
	Sec 2	22
	BIOL 410 Comparative Physiology	16
	BIOL 425 Animal Behavior	32
	BIOL 491 Biology Seminar	20
	BIOL 499 Special Topics in Biology	10
Chemistry		
	CHEM 116 Intro. to Organic & Biochemistry	10
	CHEM 116L Lab	9
	CHEM 122 General Chemistry II	58
	CHEM 122L General Chemistry II Lab	24
	Sec 2	19
	Sec 3	15
	CHEM 342 Organic Chemistry II	20
	CHEM 342L Lab	19
	CHEM 462 Physical Chemistry II	5
	CHEM 462L Lab	5
	CHEM 470 Spectroscopy	7
	CHEM 495 Science Olympiad	24
Geology		
	GEOL 100 Earth Science	27
	GEOL 100L Lab	27
	GEOL 105 Physical Geology	24
	GEOL 105L Lab	24
Astronomy		
	ASTR 110 Intro. to Astronomy	11
	ASTR 110L Lab	12

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Mathematics

MATH 090 Introductory Algebra	42
MATH 103 College Algebra	50
Sec 2	36
Sec 3	59
MATH 105 Trigonometry	17
MATH 305 Probability & Statistics	40

Physics

PHYS 212 College Physics II	21
PHYS 212L Lab	11
Sec 2	10

Elementary Education

ELED 390S Elementary Education Science Methods	25

Psychology

PSYC 111 Intro. to Psychology	52

Industrial Technology

IT 320 Drawing & Specification Techniques II	9

University Studies

ASC 100 Freshman Seminar	8

TOTAL 1344

Section 7

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THE PROPOSED $9.73 MILLION MURPHY HALL RENOVATION AND ADDITION PROJECT WOULD:

- Address the life, health, and safety concerns relating to the presence of asbestos within the facility, the inadequacy of HVAC systems and fume hoods to deal with the ventilation of toxic fumes, a fire alarm and supression system that needs upgrading to meet current codes, and infrastructure that does not lend itself to proper disposal of hazardous chemical waste.

- Improve upon the energy efficiency of the existing structure by replacing an extensive amount of glass windows and providing appropriate vestibules. The replacement of the HVAC systems is essential if this facility is to become more energy efficient and provide for a proper learning environment.

- Provide the infrastructure that will compliment the infusion of technology and research into the teaching/learning environment.

- Provide proper facilities that are designed to meet the institution's enrollment and program needs in accordance with established national standards.

- Provide for a facility that will enable the institution to effectively compete nationally in the delivery of quality educational programs within a safe and conducive learning environment as encouraged within the "Roundtable Report."

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HULSING AND ASSOCIATES ARCHITECTS

100 South State Ave
Dickinson, North Dakota 58
Telephone: 701-225-6
Fax: 701-225-0

March 22, 2002

Mr. Alvin Binstock
DSU
291 Campus Drive
Dickinson, ND 58601

RE: Construction Cost Estimate for Murphy Hall Addition and Remodeling

Dear Alvin:

Please find attached the updated construction cost estimate for the above referenced project. The cost estimate was prepared using the following information:

1. R.S. Means square foot costs for College Science Laboratories - 2001 Edition localizing the cost to Dickinson, ND. and averaging ENR building cost index for cost increases for 2002 and 2003 to 2.5% annually for each year respectively.
2. Using building system take-off for remodeled portion of building based on similar projects in North Dakota and comparing with modified R.S. Means square foot costs.
3. Comparing cost to BSC Jack Science Center using cost per square foot updated using ENR cost index, and comparing percentage of laboratory area to total gross floor area for each facility.
4. Comparing gross square foot costs to gross square foot cost on college laboratories completed by RFD, laboratory consultant. (Using this comparison our gross cost per square foot is approximately $ 18.00 per square foot less than RDF's "average" cost before the cost is localized meaning multiplying the cost by a factor or 82.1%).

If you have any questions, please call,

Sincerely,

Dennis R. Hulsing AIA

DRH/lmk

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MURPHY HALL RENOVATION AND EXPANSION
DICKINSON STATE UNIVERSITY

SCHEMATIC DESIGN COST ESTIMATE
BASED ON 2003 CONSTRUCTION

ASBESTOS REMOVAL	$ 114,800
GENERAL CONSTRUCTION	4,042,969
MECHANICAL CONSTRUCTION	2,205,256
ELECTRICAL CONSTRUCTION	1,060,808
ALTERNATE SOUND SYSTEM	21,115
ALTERNATE CLOCK SYSTEM	20,705
SUBTOTAL	$ 7,465,653
CONTINGENCY 5%	373,283
CONSTRUCTION TOTAL	$ 7,838,936
ARCHITECTURAL AND ENGINEERING FEES LESS $25,000 FOR SCHEMATIC DESIGN	484,590
TOTAL	$ 8,323,526

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HULSING AND ASSOCIATES ARCHITECTS

Registered Architects
Dennis Hulsing, AIA
Janet Pethtel, AIA

Affiliated Officer
William Hilz, AIA
Jeff Pfeifer, AIA
Robert Rheinbrech, AIA
Marlin Rudrud, AIA
Tim Marshal, AIA
Bob Lee

Emeritus
Leslie Hulsing, AIA

100 South Sta[illegible]
Dickinson, North Dak[illegible] 60
Telephone: 701-2[illegible]-687
Fax: 701-225-000

April 12, 2002

Mr. Alvin Binstock
Dickinson State University
291 Campus Drive
Dickinson, ND 58601

RE: Murphy Hall

Dear Alvin:
As per our conversation of 4/11/02 we have calculated the cost of the Murphy Hall Project by dividing the project into two phases requiring funding over two consecutive bienniums.

The cost for doing the project at one time would be $8,323,526.00. However because of inflation and plan modifications required due to phasing the total project cost would amount to 8,794,637.00.

Phase I Construction	$5,101,943.00
Phase II Construction	$3,692,694.00

The construction phasing would be as outlined in the Phasing Solution Report.

Sincerely,

Dennis R. Hulsing, AIA

DRH/lmk

Other Offices

[illegible]
Williston, North Dakota 58801
701-572-4758

Affiliated Offices

301 West Capitol
Pierre, South Dakota 57501
605-224-1132

5345 Wyoming N.E.
Suite 205
Albuquerque, New Mexico 87110
505-269-1836

209 North Seventh Street
Bismarck, North Dakota 58501
701-223-7788

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9/30/02
Date

NORTH DAKOTA
UNIVERSITY SYSTEM

The Vital Link to a Brighter Future

electronic version

TO: SBHE Budget and Finance Committee

FROM: Laura Glatt [SIGNED]

DATE: July 9, 2002 Memo No. M-02-70

RE: Dickinson State University - Murphy Hall

The SBHE approved a major capital project priority list for inclusion in the 2003-05 biennial budget request at the June 2002 meeting. The number one state-funded priority for 2003-05 is Murphy Hall at Dickinson State University.

It has come to my attention, since the meeting, that the project amount approved by the SBHE ($5,101,943) does not include $780,104 in related equipment costs. See page 2 of the attached project information submitted by DSU. It is necessary to increase the project authorization for the Murphy Hall addition from $5,101,943 to $5,882,047, to reflect the additional equipment costs that need to be included in any legislative appropriation. I have attached a priority list with the amount for the DSU project revised as suggested.

For future reference, the cost of the renovation of Murphy Hall, to be completed in future biennia, will need to be increased from $3,692,694 to $3,850,288 to include related equipment costs for the renovation project. The total cost for the renovation/addition project will increase from $8,794,637 to $9,732,335.

I would ask for your consideration of this change and the recommendation of the committee on the process for making this needed adjustment.

Attachment

(cc: President Lee Vickers, DSU (electronic copy of memo), w/o attachment
Alvin Binstock, VP for Business Affairs, DSU (electronic copy of memo), w/o attachment)

(g:georgia/300/308/DSU Murphy Hall M-02-70 electronic version)

State Capitol - 600 E. Boulevard Ave., Dept. 215, Bismarck, ND 58505-0230
Phone: 701.328.2960 • Fax: 701.328.2961
E-mail: NDUS.office@ndus.nodak.edu • Web: www.ndus.nodak.edu

The North Dakota University System is governed by the State Board of Higher Education and includes:
Bismarck State College • Dickinson State University • Lake Region State College • Mayville State University •
Minot State University • Minot State University-Bottineau Campus • North Dakota State College of Science •
North Dakota State University • University of North Dakota • Valley City State University • Williston State College.

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9/30/03
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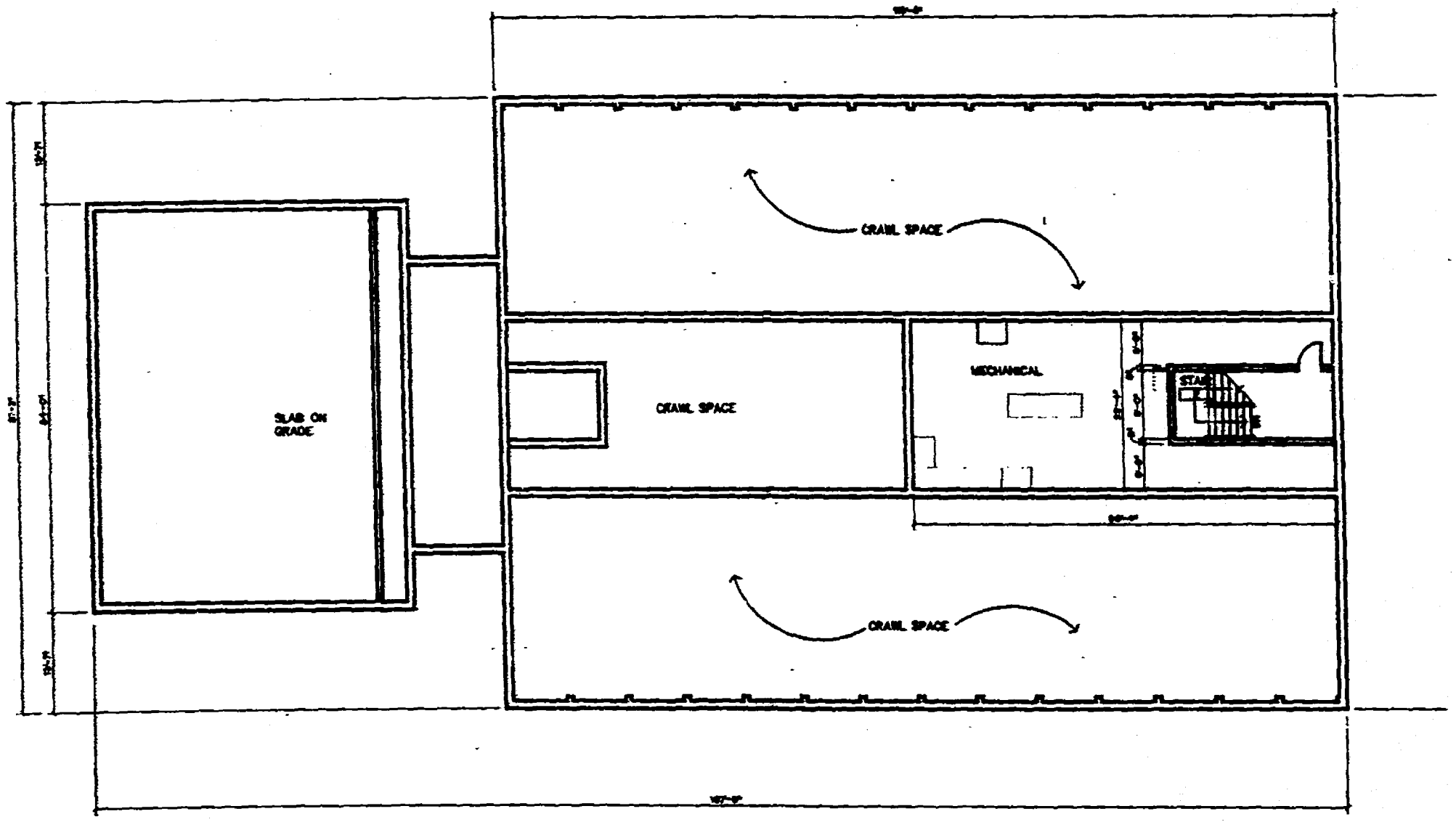
MURPHY HALL
DICKINSON STATE UNIVERSITY

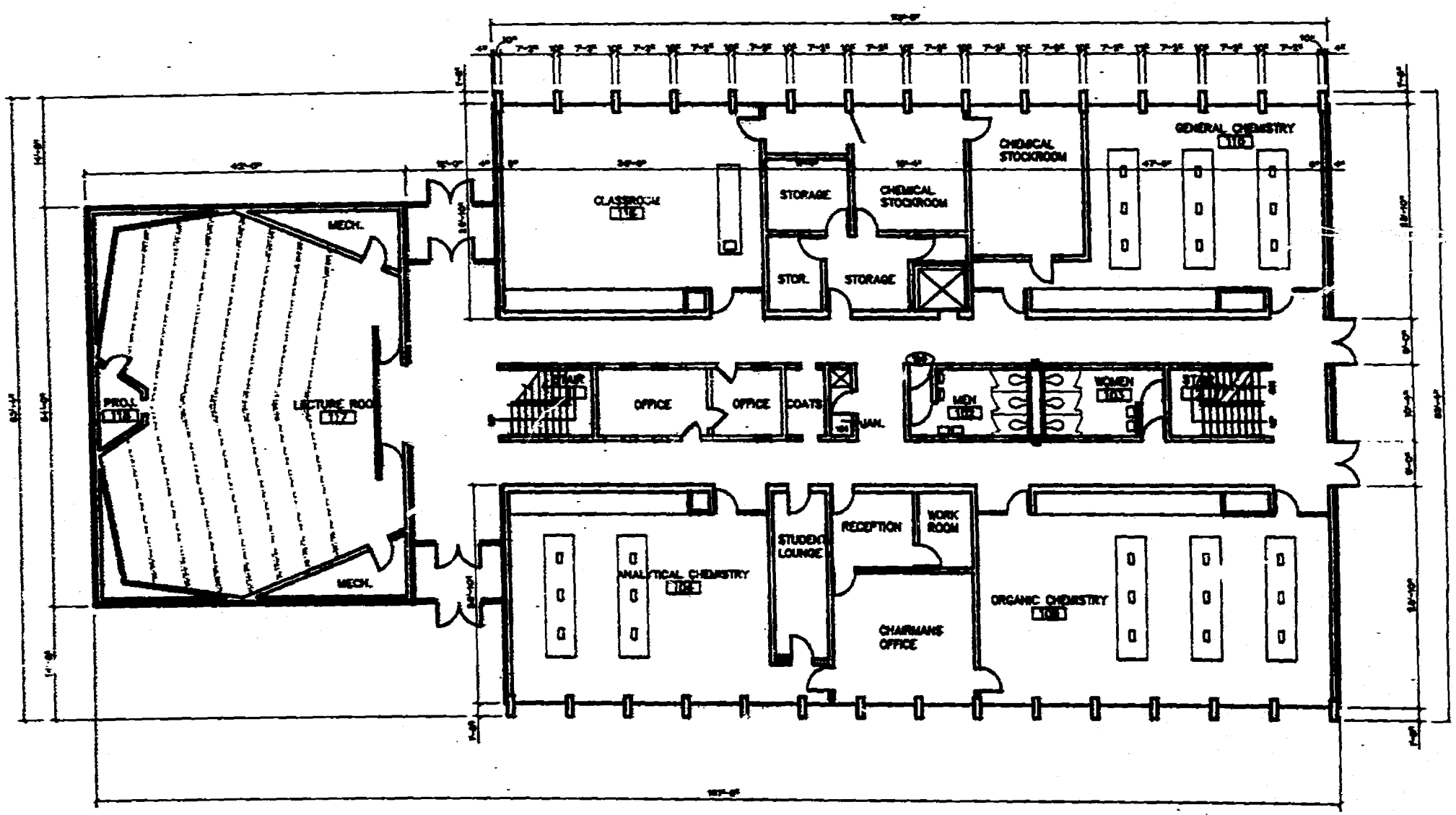


EXISTING BASEMENT FLOOR PLAN

SCALE: 1" = 20'-0"

5-25-00

MURPHY HALL
DICKINSON STATE UNIVERSITY



EXISTING FIRST FLOOR PLAN

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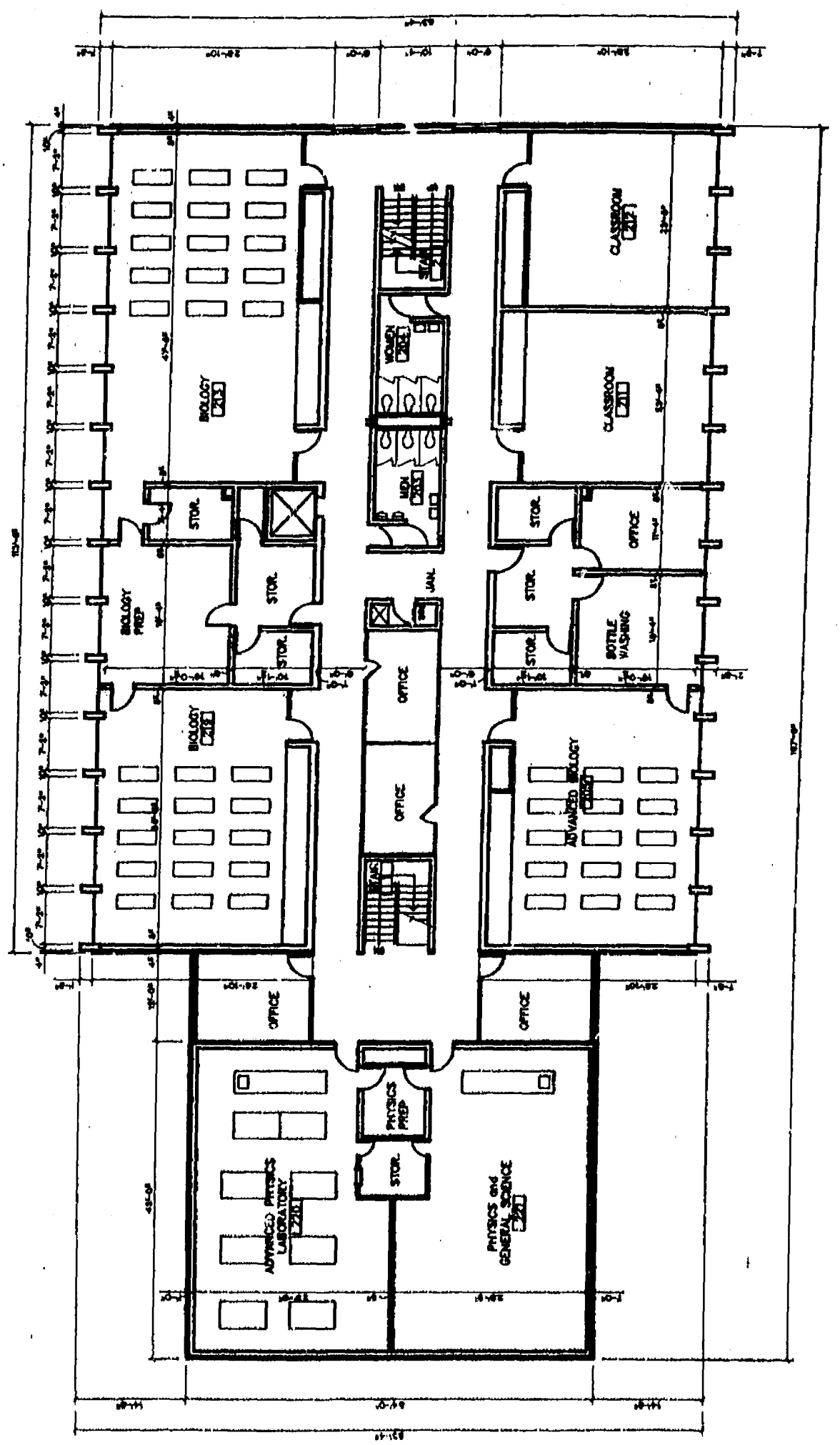

MURPHY HALL
DICKINSON STATE UNIVERSITY

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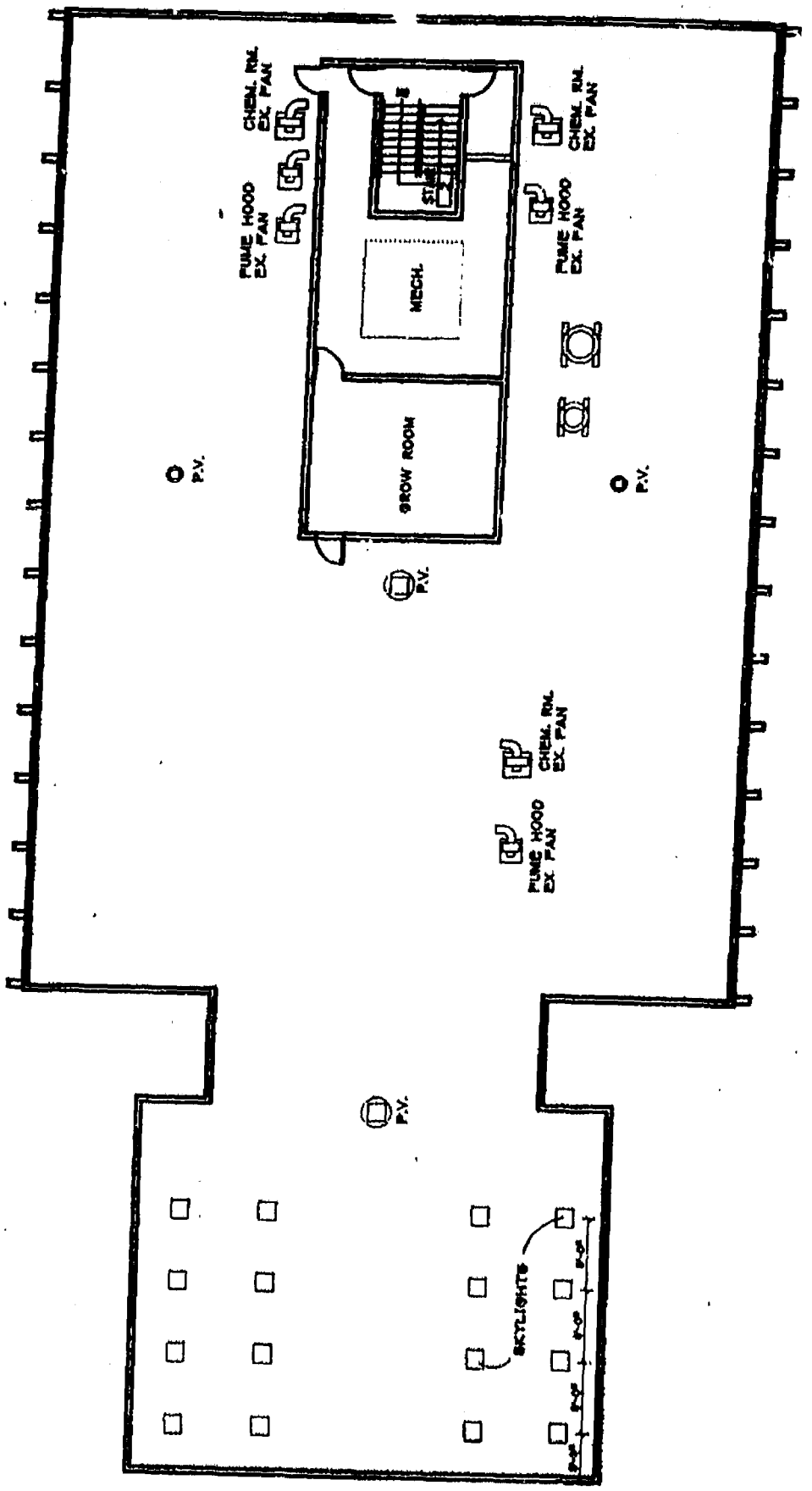
DICKINSON STATE UNIVERSITY



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Whitney Stadium Renovation/Addition

Section 8

Project Narrative

Project Renditions

Funding Drive Initiative

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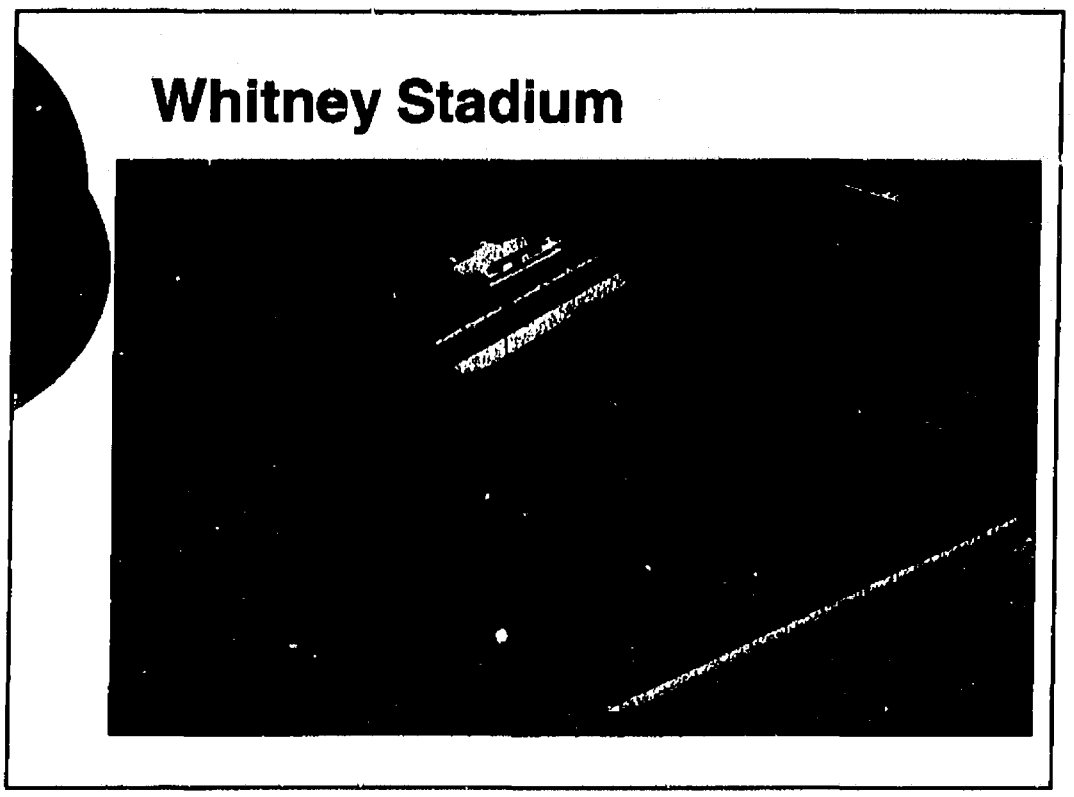

MAJOR CAPITAL PROJECT REQUESTS: 2003-2005

Priority #2: Whitney Stadium Renovation/Addition

Projected Cost Estimate: $5.0 million

Recommended Source of Funding: Philanthropic/Local

Biennium: 2003-2005 (Reauthorization)

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Priority #2: Whitney Stadium Renovation/Addition

Project Objectives:

- Stabilize and/or replace stadium seating
- Provide adequate restroom, lobby, concessions, and press box space
- Add a locker room facility (lockers, restrooms, showers, etc.
- Replace existing retaining walls that are failing
- Address parking lot and access routes (pavement, lighting, striping)

Priority #2: Whitney Stadium Renovation/Addition

Project Objectives:

- Modify existing track and field configurations
- Install adequate drainage system in support of the track and field
- Resurface track
- Consideration of artificial turf installation
- Upgrade athletic field lighting
- Upgrade sound system
- Upgrade power infrastructure

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9/30/03

Date

PRIORITY #2: WHITNEY STADIUM RENOVATION/ADDITION (Reauthorization)
CATEGORY: Major Renovation/Addition
PROJECTED COST ESTIMATE: $5.0 Million
RECOMMENDED SOURCE OF FUNDING: Philanthropic/Local Funds $5,000,000
BIENNIUM: 2003-2005 (Reauthorization)

PROJECT NARRATIVE

Whitney Stadium was constructed in 1971 to address a need within Dickinson State University's Athletic Department by providing a site upon which the institution's football and track and field events could be held. Before construction actually began, it became clear that this facility held great potential to not only serve the needs of Dickinson State University but compliment also the like needs of Dickinson's local school systems, Dickinson Public Schools and Trinity High School. Resources from a local fund drive in which the community's school systems participated were utilized to assist in funding the initial project. Whitney Stadium has admirably served the needs of Dickinson State University and through use agreements the needs of the area communities' school systems. In addition, the stadium serves as a hub upon which regional schools and organizations can converge to sponsor activities such as regional track meets, football playoff games, etc.. The utilization of Whitney Stadium truly exemplifies how a resource can best be capitalized upon for the overall good of the citizenry of North Dakota.

The 32 year old Whitney Stadium complex has a growing list of problems and deficiencies that must be addressed if it is to continue to serve Dickinson State University and the multiple needs of the southwest region in a quality fashion and within a safe environment. Items of concern consist of but are not limited to such items as a concessions building roof that needs replacement, the settlement of the concrete stadium seating, a deteriorated track surface, track and field drainage problems, undersized and non-handicapped accessible restrooms, and the absence of locker room facilities. Dickinson State University's enrollment continues to grow with the enrollment for Fall Semester, 2002 being 2,326 students. With increasing enrollments and regional entities interests in using the stadium facilities growing, the need exists to move forward with necessary improvements and enhancements.

The institution will seek to capitalize upon the excellent "service" record of the facility in soliciting local and philanthropic contributions for enhancements deemed necessary to improve upon the effectiveness of the facility.

To assist in this effort, the architectural firm of Zum Brunnen Architect P.C. supported by the engineering firms of Kadrmas, Lee & Jackson and Prairie Engineering, P.C. has computed information which identifies facility shortfalls and offers options designed to address specific concerns. This facility study will guide the institution in the prioritization of improvements and project implementation as funding materializes.

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ASSOCIATED COSTS:

Estimated biennial costs necessary to support the maintenance and operating costs of the envisioned improvements beginning in the 2003-2005 biennium are:

Salaries and Wages:	
1 FTE Maintenance Worker plus fringe x 2 years =	$51,480
Operating Expenses:	
Utilities	78,200
Supplies	12,590
Equipment:	
Custodial Support Equipment	8,000
Estimated Biennial Costs	$150,270

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Operator's Signature Date

October 7, 2002

«Title» «FirstName» «LastName»
«Address1»
«City» «State» «PostalCode»

Dear «Title» «LastName»:

I write to invite you to serve on the Dickinson State University Regional Committee for Athletic Excellence. The purpose of the Committee is to develop strategies and pursue funding opportunities to assist the University in its endeavor to enhance the Athletic Department as a key strategy in the on-going effort to grow and develop the University and enhance the "Quality of Place" in the West River Region.

Dickinson State University is in the process of developing a two-year plan to secure the funding necessary to upgrade Whitney Stadium. Our ability to recruit highly skilled football players and track and field participants in the future is directly related to our success with this project. Furthermore, Whitney Stadium is much more than a University facility, the football field also serves the two local high schools, and the track serves as a facility for all of the area schools. It is imperative that key stakeholders within the region join forces to improve this facility as part of a long-range strategy to keep more youth in North Dakota and attract young families to the area. The Whitney Stadium project may be as important to the long-term viability of the region as it is to the University.

The Whitney Stadium renovation is projected to cost $5 million. Whitney Stadium was built in 1971 and no major renovations and/or additions have occurred since it was constructed. The stadium foundation is shifting, the track has degenerated to the point of being a safety hazard, the press box is inadequate and in disrepair, the roof on the concession stand and restrooms is leaking and in need of immediate repair, and the football field needs attention. The absence of on-site dressing rooms and restrooms certainly does not reflect a modern up-to-date facility or a progressive university. As we strive to be more competitive in recruiting and bidding for athletic events, we must have quality facilities.

Immediate action must be taken to address some of the more serious safety issues outlined above, but we must also plan to meet the future needs of the University and the region. While the economic factors may not be as favorable as we would like, this is a critical time for us to invest in our communities and institutions if we are to chart a sustainable and prosperous future for the youth of our region.

The University Foundation just received a major gift valued at over $750,000 to fund scholarships for student athletes who major in teacher education and participate in the Theodore Roosevelt Honors/Leadership Program. This gift from the late Doug Hyke, a DSU athlete from the Class of '51, is a major boost to the Blue Hawk Booster Club Scholarship Initiative. Scholarships are a critical ingredient in our ability to attract outstanding athletics, but they are not the only factor. Our ability to attract key athletes in the highly competitive arena of college athletics, as well as our ability to host

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Operator's Signature

9/30/03
Date

significant regional athletic events also depends upon our facilities. Consequently, renovating Whitney Stadium must be a priority for the University and the region.

The University, with strong support from the Blue Hawk Booster Club and the Dickinson State University Foundation, has made a major commitment to the Athletic Department with the firm conviction that building outstanding athletic teams leads to individual development of student athletes and simultaneously gives the University a consistent and positive public relations tool to enhance the University's visibility and stature, regionally and nationally. As a part of this endeavor, we have significantly increased our focus on the importance of academic success, as well as athletic performance.

During the past three years, the Dickinson State University Athletic Department, under the outstanding leadership of Roger Ternes and his team of dedicated and talented coaches and support staff, has made remarkable progress. The volleyball team won the national championship; the men's basketball team qualified for two national tournaments; and, the 2001 women's basketball team set a new school record for the number of wins with a 21-9 season. The men's track team won the conference championship, and two student athletes in the track program went on to win national championships. The 2002 women's golf team won the Region III Championship for the first time in the history of the University. Four coaches and a full-time trainer have been added to the staff. Nick Walker, the Blue Hawk's quarterback, received the prestigious A.O. Duer Award, and the 2001 women's basketball team was recognized for having the third-best team grade point average, a collective 3.567 GPA, among all NAIA schools in the country by the *Women's Basketball Journal*. Moreover, in the area of facilities, the Bep Frank Human Performance Center has greatly enhanced our image and our programs. In order continue and/or improve upon these trends and attract excellent student athletes and coaches, we must have adequate facilities.

Given your on-going interest and support of the University and your concern about the future of the region, I am asking you to consider serving on the Regional Committee for Athletic Excellence. **The first meeting of the Committee has been scheduled for October 30, 2002 at 12:00 noon in the South Ballroom of the Student Center. Please confirm your attendance by calling my office at 483-2326.** This meeting will afford you and other potential members of the Committee an opportunity to review and critique our proposed plans for the Whitney Stadium Project and to confirm your interest in helping us in this critical endeavor.

Thank you for considering my request and for your support of Dickinson State University. If you have questions or comments regarding this issue or any other aspects of the University, please call.

Sincerely,

Lee A. Vickers, Ph.D.
President

dk
cc: Ms. Mary Nordsven, President, DSU Foundation Board of Directors
Mr. Ken Ganzer, President, DSU Blue Hawk Boosters

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NDSU Research Extension Center Agricultural Center

Section 9

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COLLABORATIVE CAPITAL PROJECT CONCEPT

- Dickinson State University invites the ***Dickinson Research Center*** to consider constructing its proposed new office building on the campus of Dickinson State University in close proximity to the existing Agriculture Classroom Building and Arena.
- Perceived Advantages
  - Facilitate the ease by which faculty/staff may be shared thus continuing our history of collaboration
  - Encourage sharing of facilities thus leveraging resources
  - Increase the potential for collaborative research projects – student involvement

COLLABORATIVE CAPITAL PROJECT CONCEPT

- **Perceived Advantages**
  - Increases the potential to enhance the development of technology
  - Strengthens position for the solicitation of federal funds in support of agriculture
  - Would provide a "one stop shop" for individuals in the region seeking information/services related to agriculture

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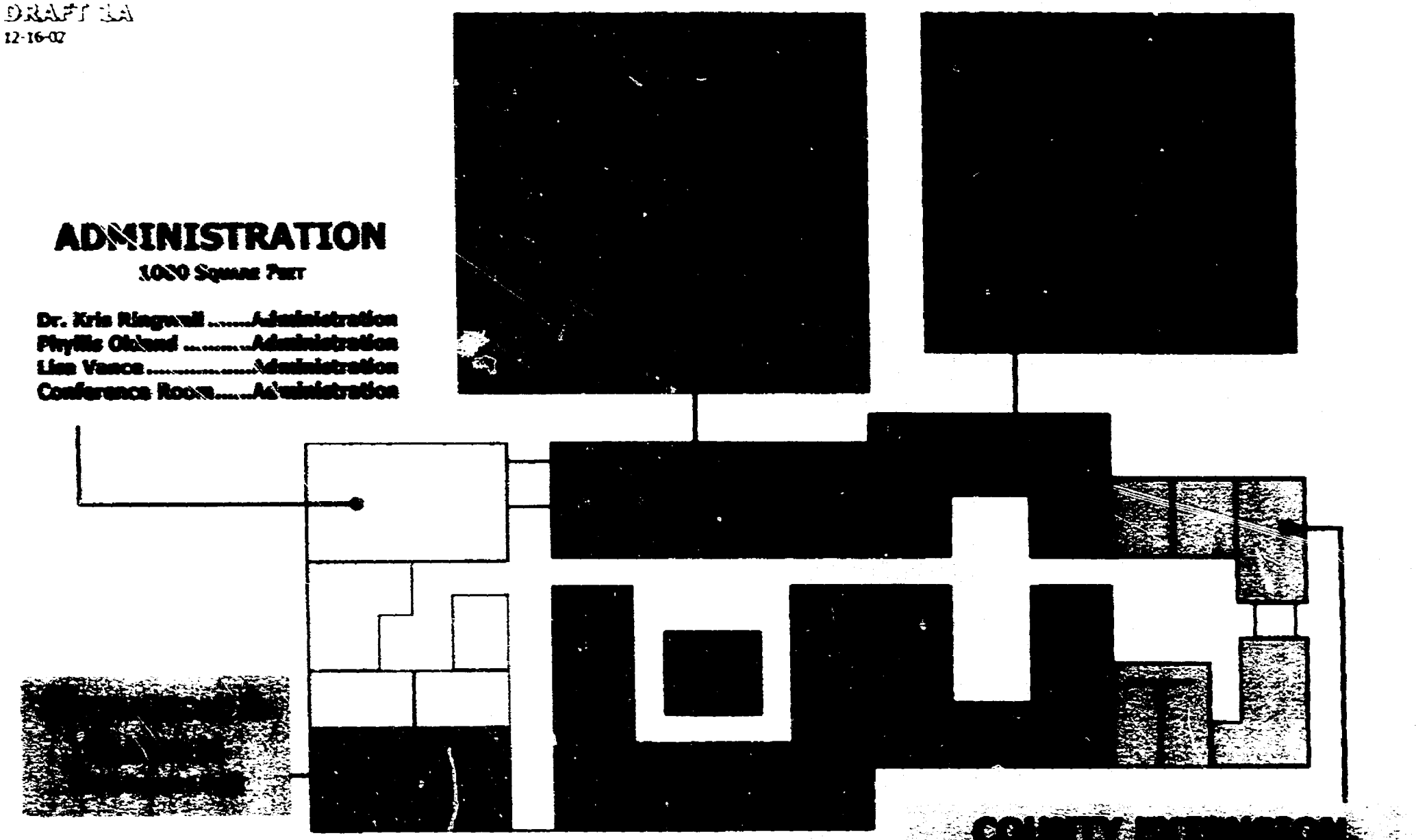

DICKINSON RESEARCH EXTENSION CENTER
AGRICULTURAL CENTER

SERVING SOUTHWEST NORTH DAKOTA AND BEYOND
9,500 SQUARE FEET

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Senate Appropriations Committee Hearing

with the exception of these pages - Same testimony given to Senate as to House

Dickinson STATE UNIVERSITY

Monday, March 3, 2003

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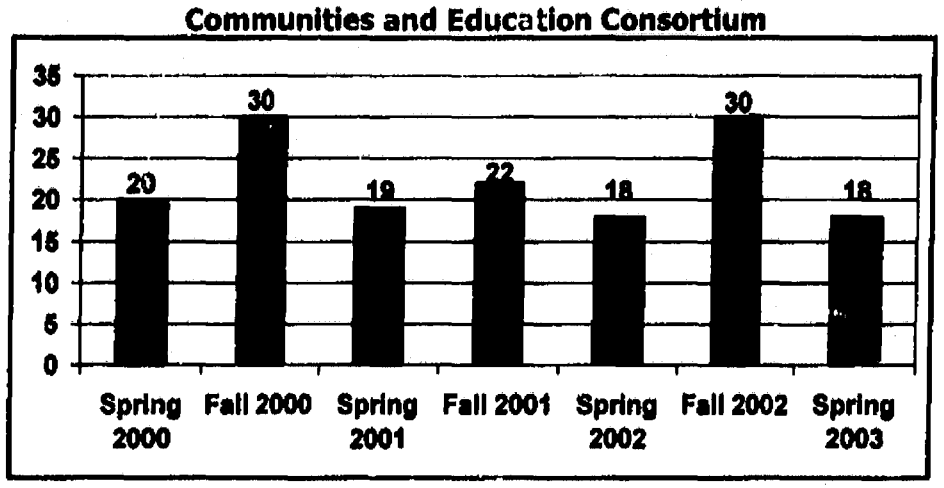
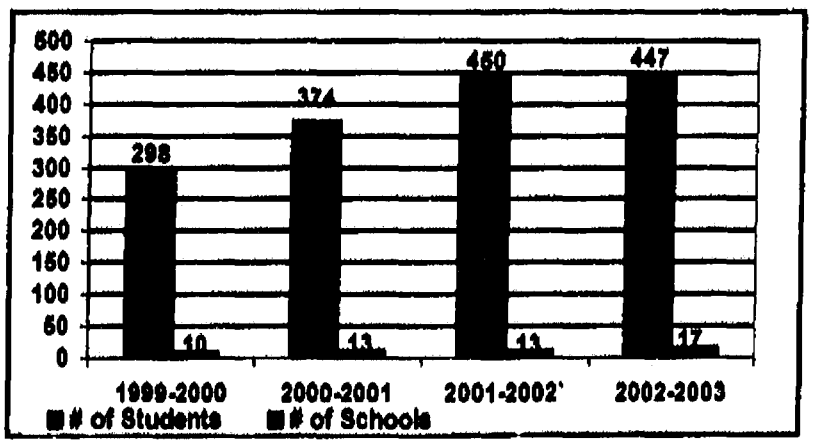
SPICE (University Credit)

(Dickinson, Mott/Regent, Bowman, Hettinger, and Scranton School Districts)

Southwest Pipeline of Information for Communities and Education Consortium



History of Dual Credit



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Graduate School

- 2002, 11% of the graduating class
- 2001, 7% of the graduating class
- 2000, 4% of the graduating class
- 1999, 3.6% of the graduating class

Recruitment and Placement

- Recruitment and placement are key factors in economic development, given the research which indicates that the single factor with the greatest power to explain differences in per capita income between states is the percentage of college graduates.

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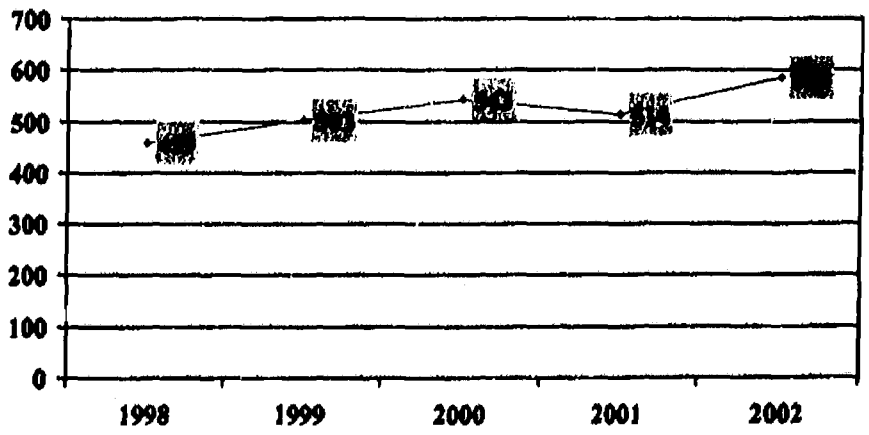
2002 Fundraising

- 2001 - 02, raised $1.3 million
  - 42% increase in donors compared to last year
  - 11% increase in the number of gifts compared to last year
- Three of the last four years, raised over $1 million
- The Foundation provided $641,000 in scholarships in 2001, and $596,000 in 2002

University Housing



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National Comparisons
Peer Institutions

The Top Public Comprehensive Colleges
2002 U.S. News and World Report – America's Best College

Peer Institutions	Regional Rating	Peer Assessment Score	Enrollment
Dakota State University	#3 Midwest	2.4	2,003
Glenville State University		2.2	2,260
Indiana University – East		2.2	2,254
Lewis-Clark State College	#3 West	3.1	3,151
Shawnee State University		1.8	3,460
University of Arkansas at Monticello		2.5	2,254
University of Maine at Farmington	#3 North	2.5	2,090
University of South Carolina at Aiken	#1 South	3.0	3,173
West Liberty State College		2.6	2,579
Dickinson State University		**2.5**	**2,326**

Theodore Roosevelt Honors/Leadership Program

- Unique program focused on developing leadership skills
- 78 students from 9 states and 6 countries
- 35 credits directly related to honors/leadership
- 3.5 GPA, ACT of 26

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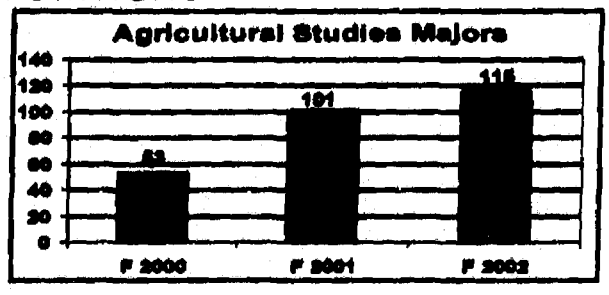
Bachelor's Degree Major in Agricultural Studies in Cooperation with North Dakota State University

- Enrollment



- Graduate School
  - 5 out of 20 of the graduates are attending graduate school at NDSU

Associate in Science in Agriculture Sales & Service, Equine Management Option

- Collaboration between Dickinson State University and the Global Equine Academy
- First year of program
  - 25 on-campus students registered for spring 2003
  - 17 off-campus students registered for spring 2003

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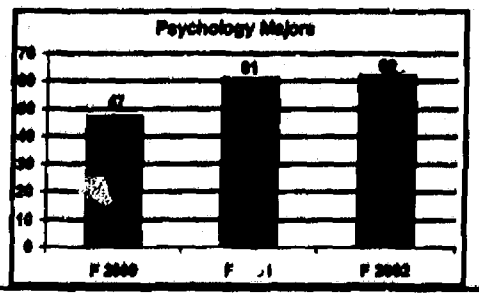
Psychology Major

- Developed in response to :
  - requests from Dickinson State University students
  - a need to meet demand within the state and nationally for baccalaureate degree graduates with a comprehensive education in psychology
- Cooperative program with Dickinson Badlands Human Service Center
- Enrollment:



Manufacturing Technology Concentration

- Need: Dickinson Manufacturer's Roundtable indicated a need for employees with Business Administration degree and Manufacturing Technology expertise
- Dickinson State University added new manufacturing technology concentration
- Gift from TMI Systems Design Corporation in support of new computer lab in Murphy Hall (AutoCad)
- 25 to 30 participants

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CURRENT STATUS OF 2003-2005 GENERAL FUND "OPERATING" REQUEST

A. HOLD-EVEN:	HOLD-EVEN REQUEST/ EXEC. RECOMMENDATION	HOUSE VERSION	HOUSE VERSION DIFFERENCE
OPERATING	$13,860,931	$13,590,878	($270,053)
CAPITAL ASSETS	393,962	393,962	-0-
TOTALS	$14,254,893	$13,984,840	($270,053)

B. NEEDS-BASED:	NEEDS-BASED REQUEST	HOUSE VERSION	HOUSE VERSION DIFFERENCE
OPERATING	$15,835,555	$13,590,878	($2,244,677)
CAPITAL ASSETS	852,789	393,962	($ 458,827)
TOTALS	$16,688,344	$13,984,840	($2,703,504)

BUDGET SCENARIO: HOLD-EVEN/HOUSE VERSION

HOLD-EVEN LEVEL SHORTFALL	$ 270,053
SELF-FUNDED COSTS TO CONTINUE	1,630,705
PROJECTED SHORTFALL	$1,900,758
• Increase tuition rates 16% per year	1,792,544
• Increase enrollment levels by 2% per year	209,190
	$2,001,734
Less Projected Shortfall	1,900,758
Funding Flexibility	$ 100,976

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MAJOR CAPITAL PROJECT REQUESTS: 2003-2005

Priority #1: Murphy Hall Renovation/Addition

Projected Cost Estimate:	$9,732,335
Recommended Funding Source:	State General Fund
Staged Costs: 2003-05 Biennium	$5,882,047
: 2005-07 Biennium	$3,850,288

Priority #2: Whitney Stadium Renovation/Addition

Projected Cost Estimate:	$5.0 Million
Recommended Funding Sources	Philanthropic/Local
Costs By Biennium: 2003-05 Biennium	$5.0 Million (Reauthorization)

Executive Budget Recommendation:

- Included $2,961,629 for a major capital projects pool
- #1 Murphy Hall – no specific funding earmarked
- #2 Whitney Stadium – authorizes use of $5 million from "other funds" (Philanthropic/Local)

House Amendments:

- Removes $1,651,629 from the $2,961,629 major capital projects pool. The remaining $1,310,000 is dedicated toward the establishment of an escrow account to address the first two annual payments in support of the retirement of the bonds associated with the following proposed state bonded projects representing the SBHE's first three major capital project priorities:

Dickinson State University – Murphy Hall Phase I Addition	$5,882,047
Mayville State University – Steamline Replacement Phase II	$1,355,000
Valley City State University – Graichen Gymnasium Elevator/ Emergency Exits	$ 785,000

- Requires that $250,000 be provided by Dickinson State University in support of the Murphy Hall Phase I Addition Project from "other" than general fund sources.

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COURSES/ENROLLMENTS SERVED BY MURPHY HALL
FALL SEMESTER (2001)

Fall Semester - 2001 Department	Course		Enrollment
Biology			
	BIOL 111	Concepts of Biology	56
		Sec 2	72
	BIOL 111L	Concepts of Biology Lab	22
		Sec 2	14
		Sec 3	22
		Sec 4	22
		Sec 5	22
		Sec 6	22
	BIOL 150	General Biology I	69
	BIOL 150L	General Biology I Lab	22
		Sec 2	28
		Sec 3	18
	BIOL 211L	Human Anatomy Lab	22
		Sec 2	21
		Sec 3	26
		Sec 4	27
	BIOL 250	Wildlife Management	33
	BIOL 315	Genetics	32
	BIOL 315L	Genetics Lab	31
	BIOL 340	Comparative Anatomy	14
	BIOL 357	Pathophysiology	22
	BIOL 370	Ornithology	4
	BIOL 415	Ecology	20
Chemistry			
	CHEM 115	Introductory Chemistry	72
	CHEM 115L	Introductory Chemistry Lab	21
		Sec 2	14
		Sec 3	12
		Sec 4	17
	CHEM 121	General Chemistry I	65
	CHEM 121L	General Chemistry I Lab	23
		Sec 2	21
		Sec 3	22
	CHEM 330	Quantitative Analysis	5
	CHEM 341	Organic Chemistry I	21
	CHEM 341L	Organic Chemistry I Lab	20
	CHEM 461	Physical Chemistry I	5
	CHEM 461L	Physical Chemistry I Lab	5
Communications			
	COMM 110	Fundamentals of Public Speaking	22
		Sec 2	30

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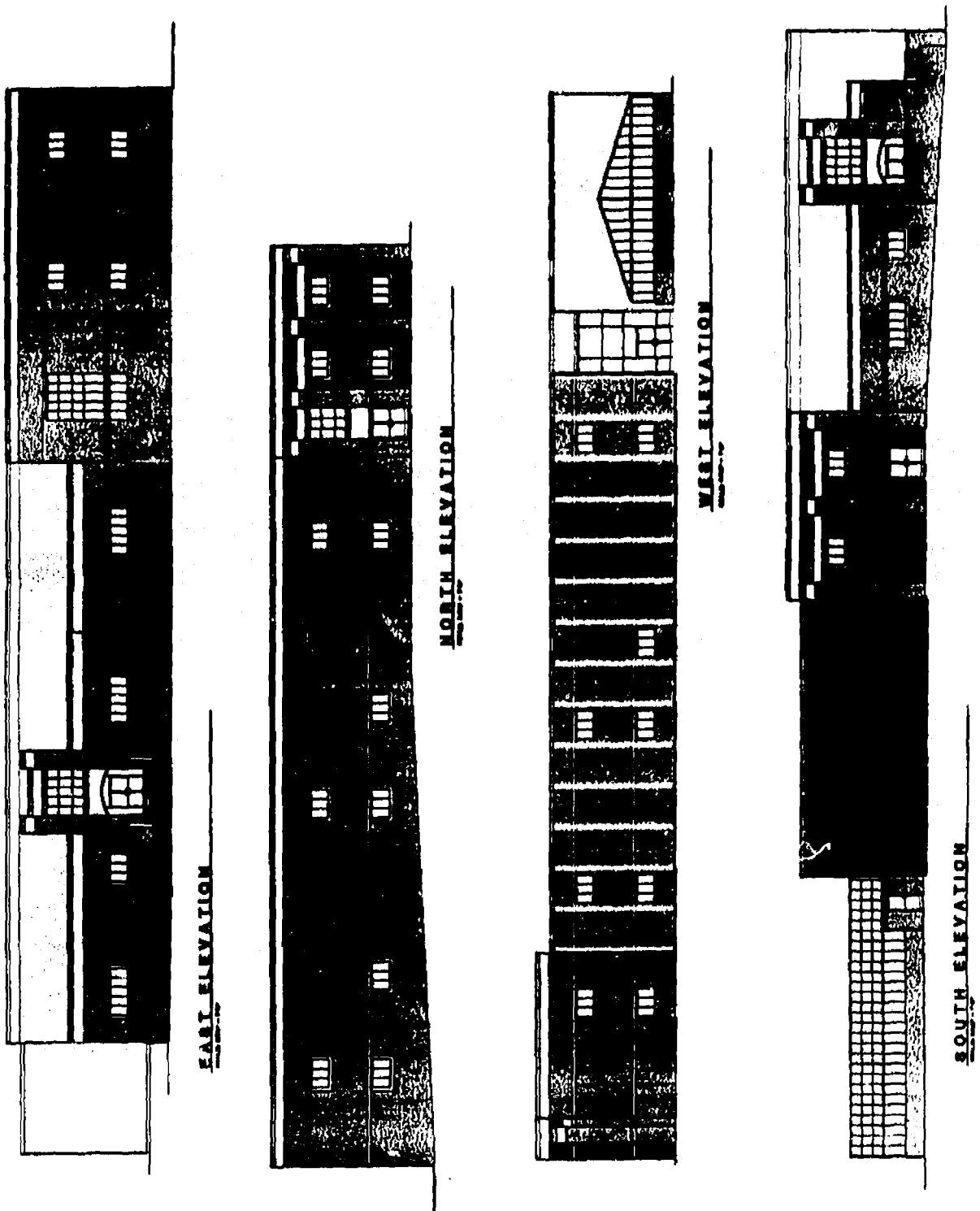

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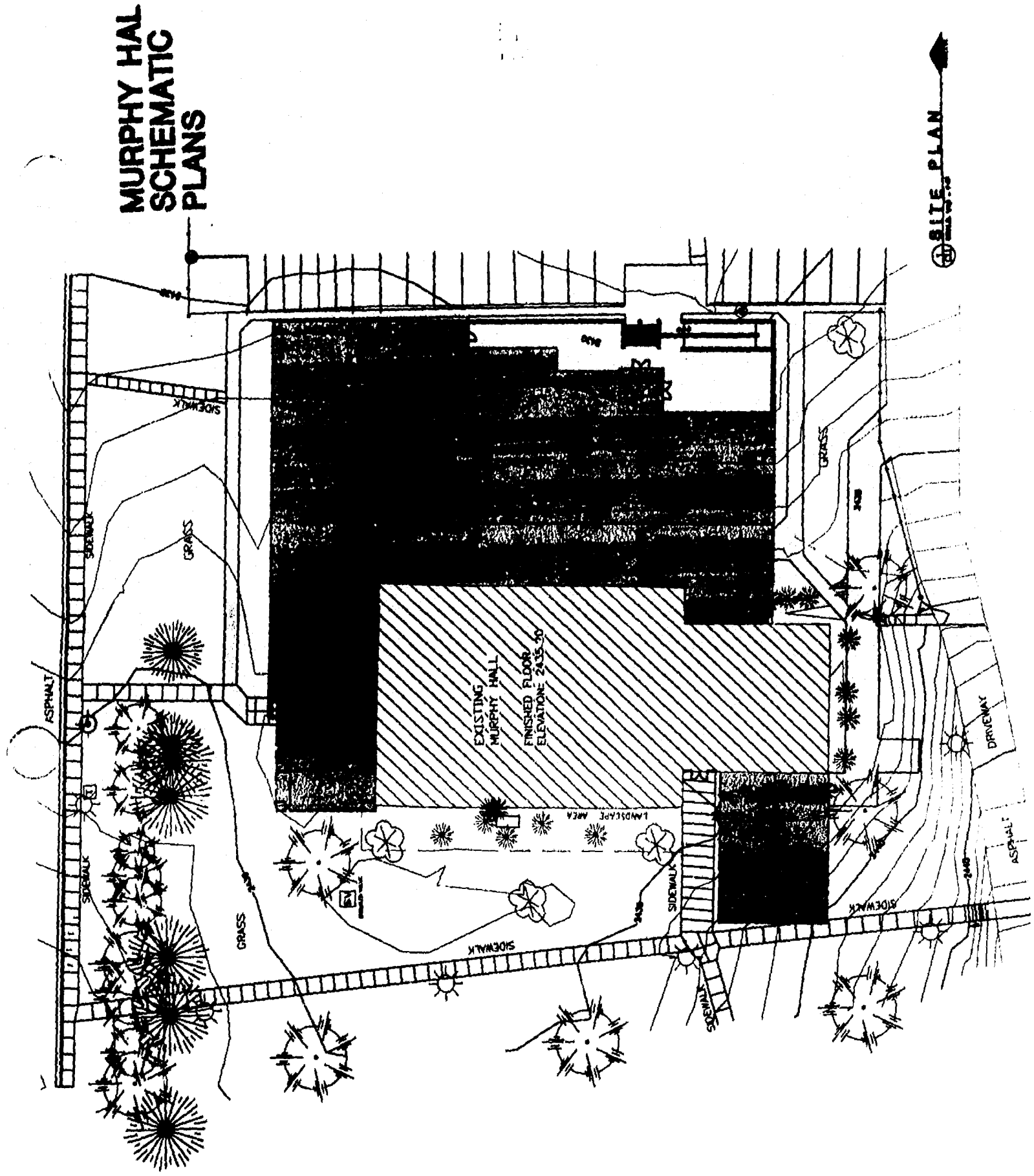
MURPHY HAL
SCHEMATIC
PLANS



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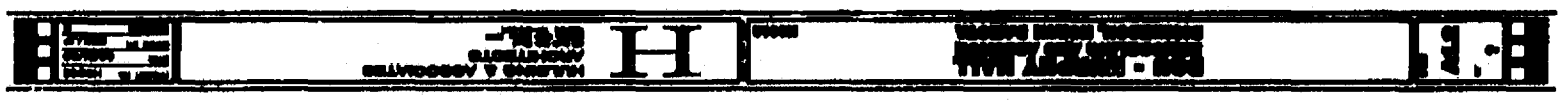
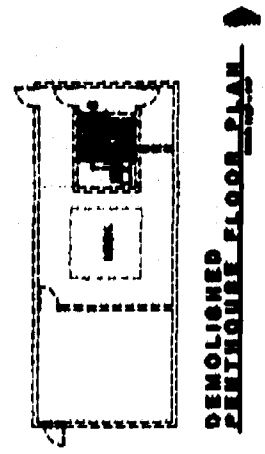
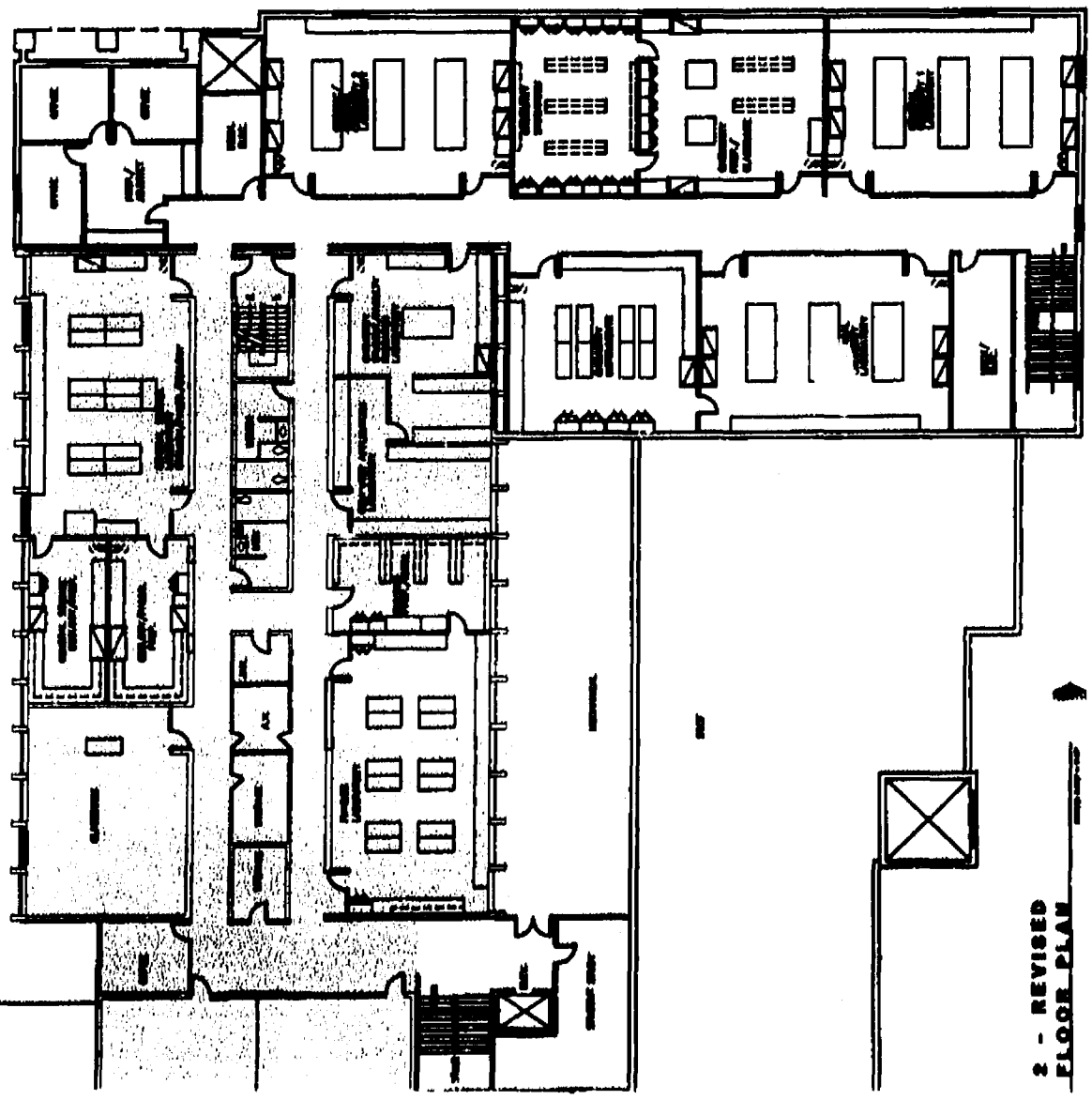




DEMOLISHED
ENTRANCE FLOOR PLAN



2 - REVISED
FLOOR PLAN

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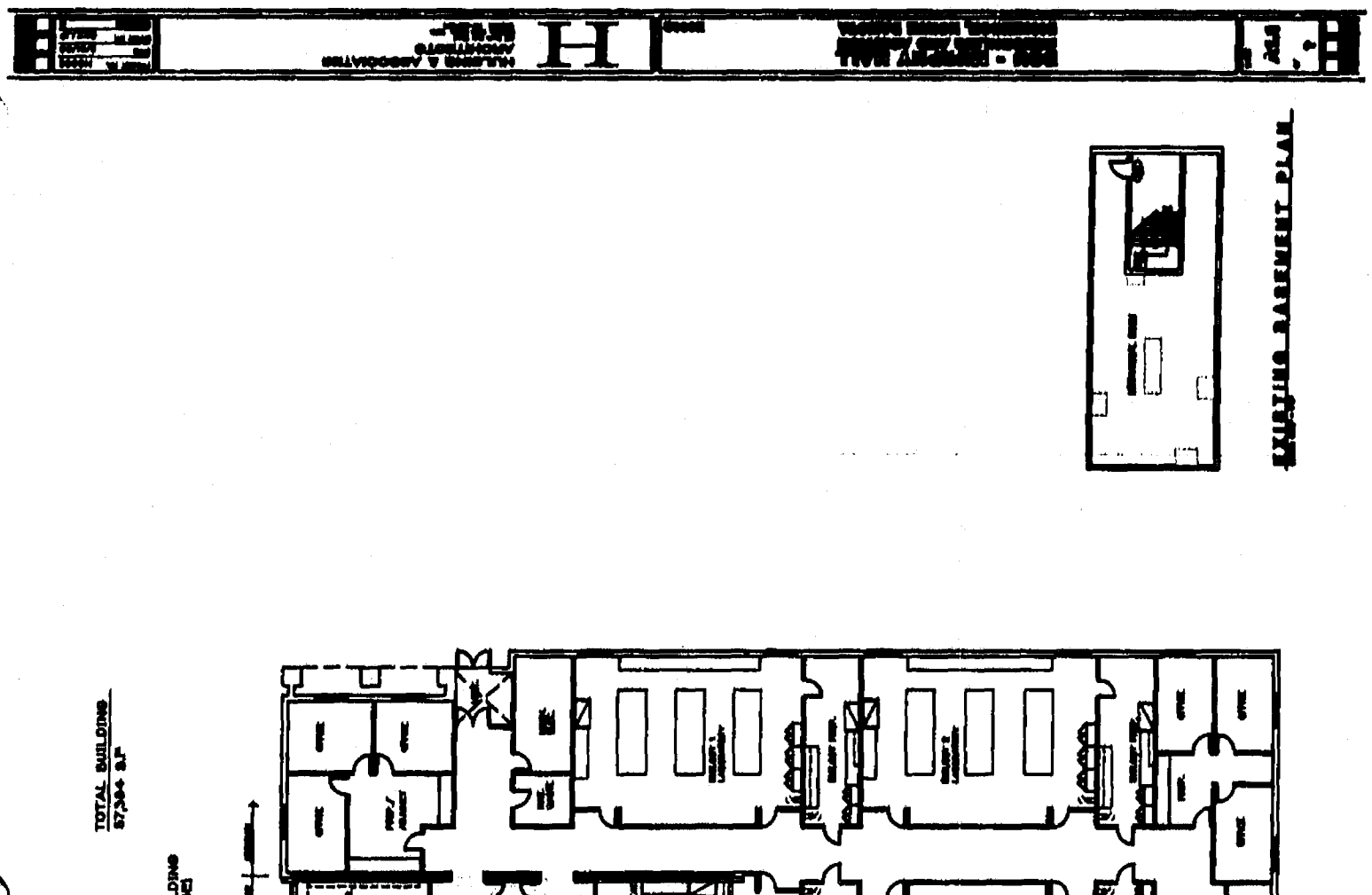

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Prepared by the North Dakota Legislative Council
staff for House Appropriations
January 13, 2003

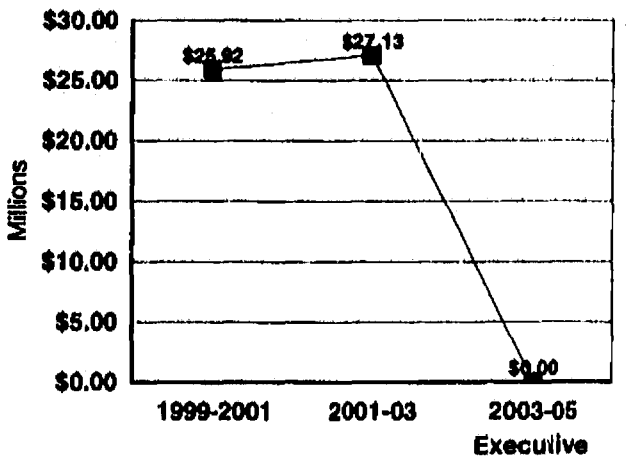
Department 238 - State College of Science
House Bill No. 1003

	FTE Positions	General Fund	Other Funds	Total
2003-05 Executive Budget	0.00	$0	$0	$0
2001-03 Legislative Appropriations	229.90	27,130,802[1]	5,216,720	32,347,522[2]
Increase (Decrease)	(229.90)	($27,130,802)	($5,216,720)	($32,347,522)

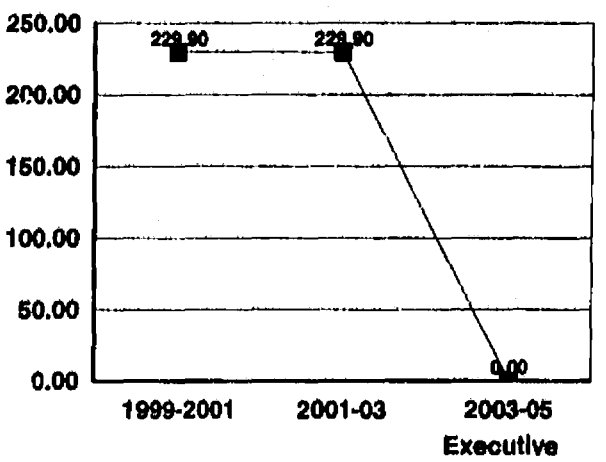
[1] The 2001-03 general fund appropriation is the amount appropriated by the 2001 Legislative Assembly and does not include a reduction of $286,291 relating to the 1.05 percent budget allotment ordered by Governor Hoeven in July 2002.

[2] The 2001-03 appropriation amounts include a general fund allocation of $148,000 from the board initiatives funding appropriated to the University System. The 2001-03 appropriation amounts do not include general fund allocations of $135,000 from the equity and special needs funding pool considered to be one-time funding for the 2001-03 biennium.

Agency Funding - General Fund



FTE Positions



Executive Budget Highlights

	General Fund	Other Funds	Total
1. Consolidates funding for all higher education institutions into the University System office budget	($27,130,802)	($5,216,720)	($32,347,522)

Major Related Legislation

House Bill No. 1039 - Special funds continuing appropriation - This bill provides for the continuation of the continuing appropriation of higher education institutions' special revenue funds, including tuition.

House Bill No. 1040 - Unspent general fund appropriations - This bill provides for the continuation of the University System's authority to carry over at the end of the biennium unspent general fund appropriations.

House Bill No. 1041 - Budget request and appropriation - This bill continues the requirement that the budget request for the University System 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. The bill also continues the requirement that the appropriation for the University System include block grants for a base funding appropriation and for an initiative funding appropriation and an appropriation for asset funding.

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38TH LEGISLATIVE ASSEMBLY

HOUSE APPROPRIATIONS COMMITTEE

Ken Svedjan - Committee Chairman

Mike Timm - Committee Vice Chairman

House Bill 1003

JANUARY 13, 2003

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Executive Remarks
by Dr. Sharon Y. Hart, NDSCS President

As the North Dakota State College of Science reaches its 100th year of operation, I am proud to be the president of an institution with such a clear vision of the future, "To enrich people's lives through responsive life-long learning in a dynamic educational and technological environment". This vision, exciting to deliver, clearly centers around the six cornerstones as identified in **A North Dakota University System for the 21st Century – The Report of the Roundtable for the North Dakota Legislative Council on Higher Education.** Indeed this Report is one that NDSCS is eagerly embracing. The six cornerstones – Economic Development Connection, Educational Excellence, Flexible and Responsive System, Accessible System, Funding and Rewards, and Sustaining the Vision – are indeed a design for our future, as well as the future for the entire North Dakota University System and the State of North Dakota.

As a result, we at NDSCS have focused attaining our vision on three strategic goals:

1. **Focus the entire institution on Student Learning and Development.**
2. **Improve processes for increasing enrollment and enhancing marketing.**
3. **Develop a revenue-generating process to address priority needs.**

The Roundtable Report does set high and specific expectations for North Dakota State College of Science. It recognizes that for NDSCS to be successful, it needs to foster an environment of **flexibility with accountability.** An entrepreneurial spirit will be important so that we may pursue new ventures and resources (and benefits from these).

As we face the challenges posed by the press of technology, global economic demands, the changing nature of and need for knowledge, and the influx of nontraditional and returning students, it is quite clear to the College of Science that we must explore new directions. The students of tomorrow must be adaptive, professional and, above all else, must be competitive in the world workforce.

One exciting dilemma we are facing today is that the job market in North Dakota is predominantly focused around the skills acquired in a two-year college education.

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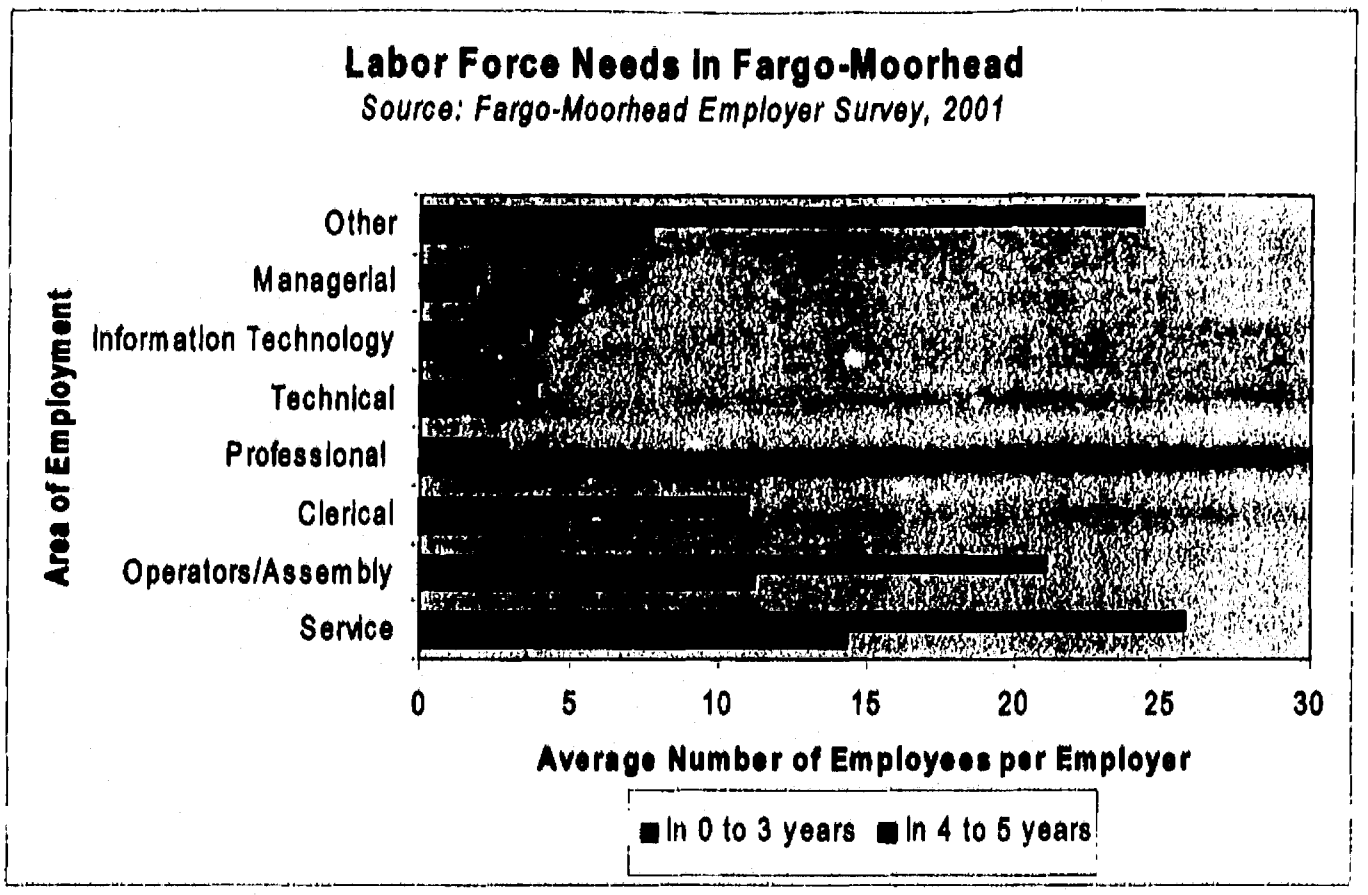

Source: Fargo-Moorhead
Employer Survey, 2001

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Percent of Employees	Minimum Education Level Requirement							
	Certification		Technical Degree		Bachelor Degree		Graduate Degree	
	N	%	N	%	N	%	N	%
0%	36.0	43.2	28.0	32.2	29.0	32.9	107.0	89.9
1% to 24%	17.0	21.0	26.0	29.9	26.0	29.5	9.0	6.7
25% to 49%	8.0	9.9	17.0	19.5	16.0	18.2	3.0	2.5
50% to 74%	5.0	6.2	8.0	9.2	10.0	11.4		
75% or More	16.0	19.7	8.0	9.2	7.0	7.9		
Total	81.0	100.0	87.0	100.0	88.0	99.9	119.0	100.0
Average Percent	27.6		22.3		20.8		0.0	

Source: Fargo-Moorhead Employer Survey, 2001

Again, it is North Dakota State College of Science, with its emphasis on vocational and technical programs that is best poised to assist the state with its tremendous need for graduates of certificate and two-year degree programs. It is our students that will help to fill the employment gap as they have an immediate productive impact on the workforce they are entering. Thus, our accomplishments allow us to play to our strengths, channel our limited resources where they will do the most good, and recognize that change is an ongoing and welcoming process for this College.

NDSCS's request to the Legislature is that you recognize the true value this institution has within North Dakota and fund it appropriately. Only through adequate funding can we be successful in fully addressing the workforce needs of this state, our goals, and the six cornerstones. The pages, which follow, outline our budgetary issues and requests against a backdrop of our many successes and the challenges we have identified ahead.

On behalf of the faculty, staff, and especially our students, thank you for your continued support of this "jewel" in North Dakota!

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Accomplishments

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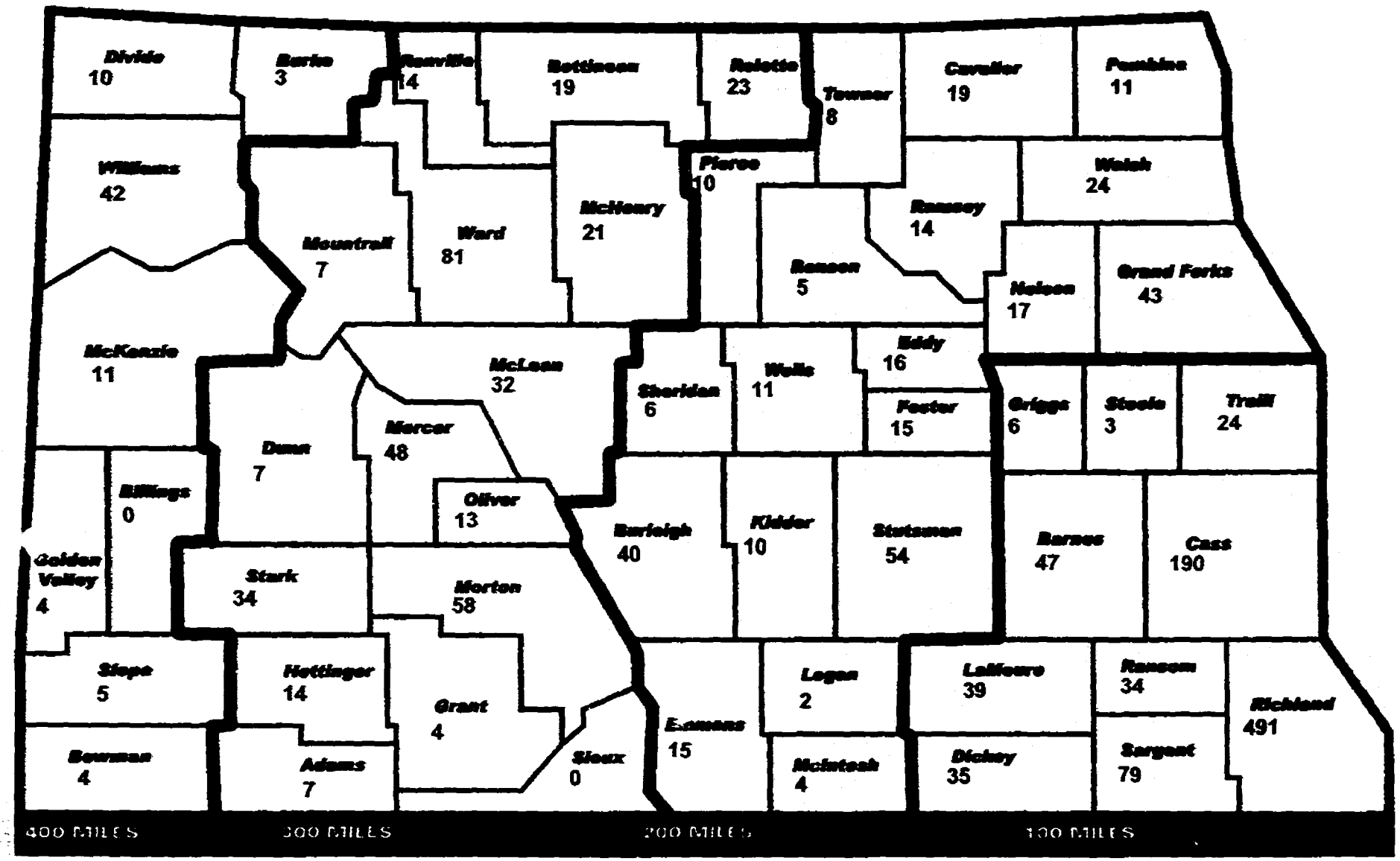
NDSCS Enrollment – Fall 2002 Semester by North Dakota County



79 (4.6%) 382 (22%) 324 (18.7%) 948 (54.7%)

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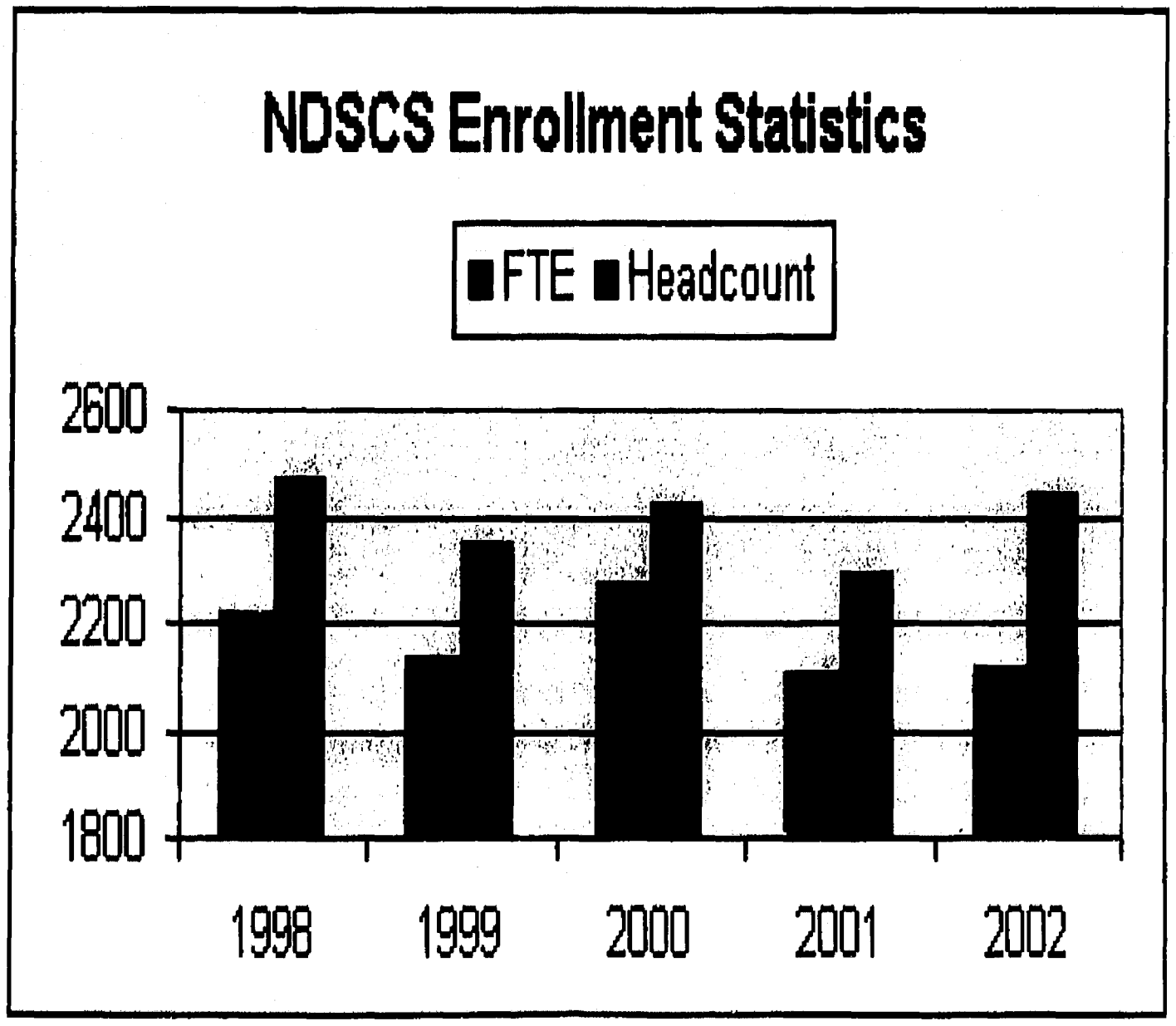
NDSCS Enrollment Statistics

	1998	1999	2000	2001	2002
FTE	2214	2139	2276	2106	2112
Headcount	2469	2345	2425	2292	2439



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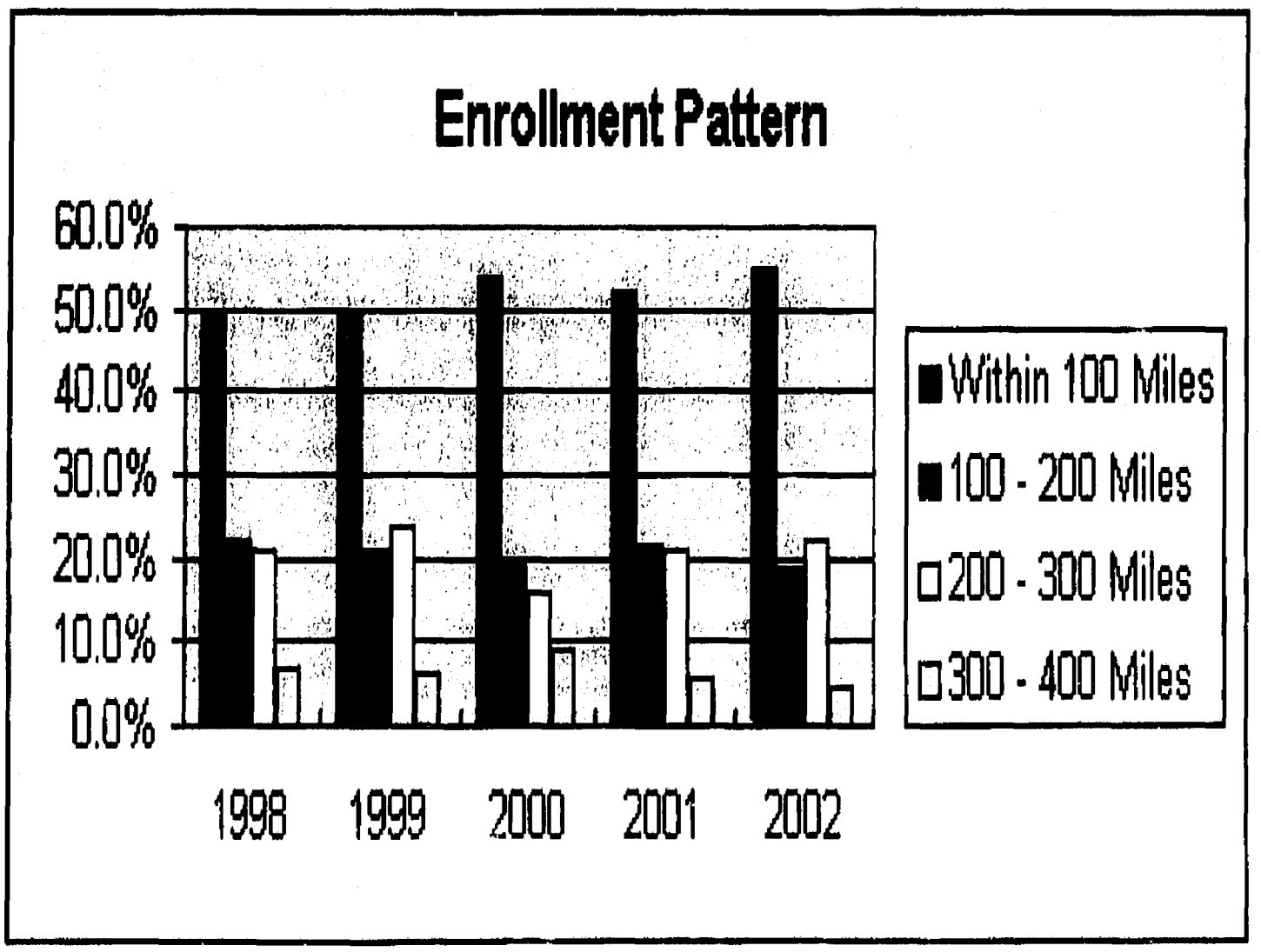
Enrollment Pattern

Miles from Campus	1998	1999	2000	2001	2002
Within 100 Miles	50.0%	49.0%	54.0%	52.3%	54.7%
100 - 200 Miles	22.0%	21.0%	20.0%	21.6%	18.7%
200 - 300 Miles	21.0%	24.0%	16.0%	20.7%	22.0%
300 - 400 Miles	7.0%	6.0%	9.0%	5.4%	4.6%



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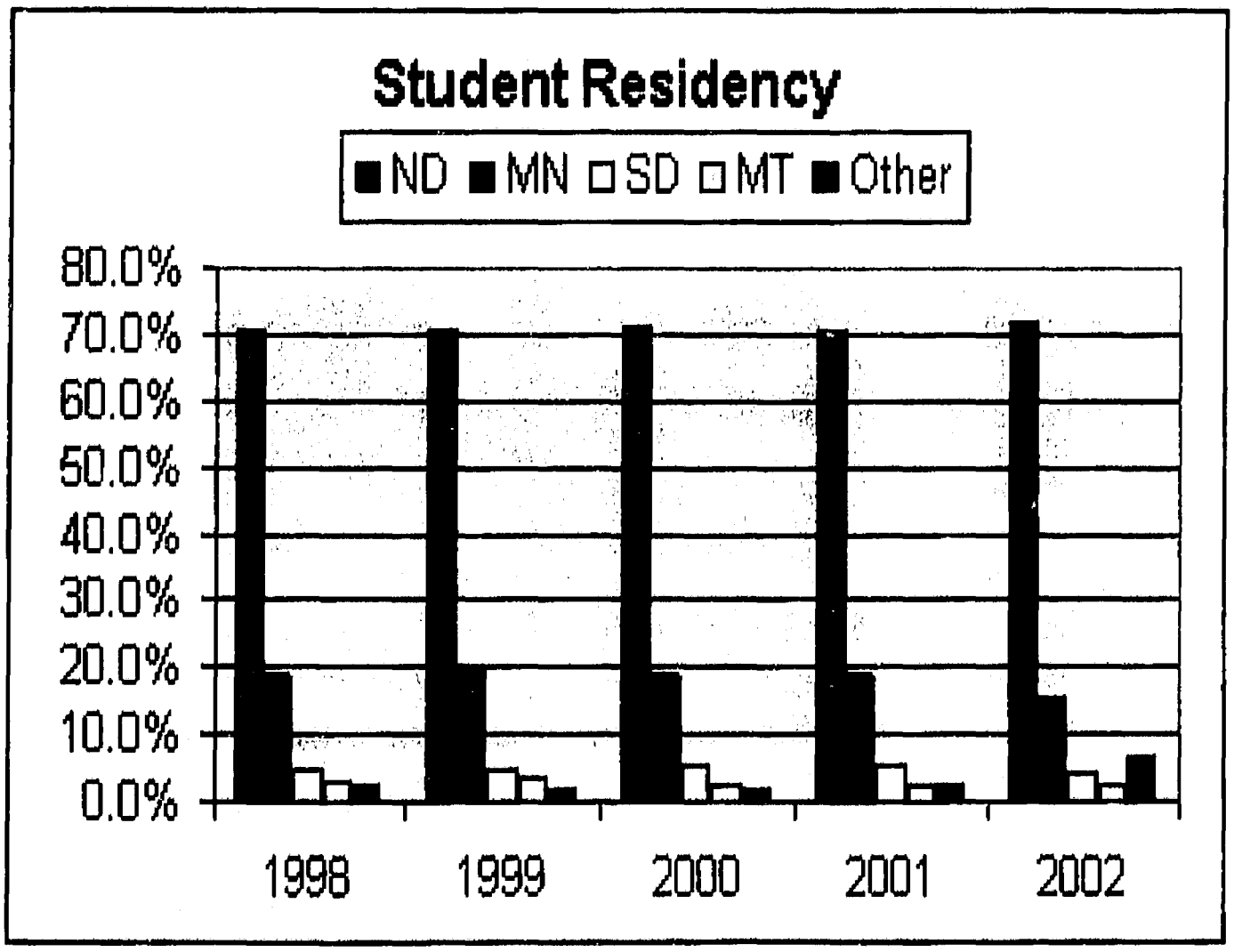
Student Residency

	1998	1999	2000	2001	2002
ND	70.8%	70.6%	70.9%	70.7%	71.6%
MN	19.2%	20.0%	18.9%	18.9%	15.4%
SD	4.7%	4.8%	5.6%	5.3%	4.2%
MT	3.1%	3.7%	2.6%	2.6%	2.4%
Other	2.3%	2.0%	2.0%	2.4%	6.4%



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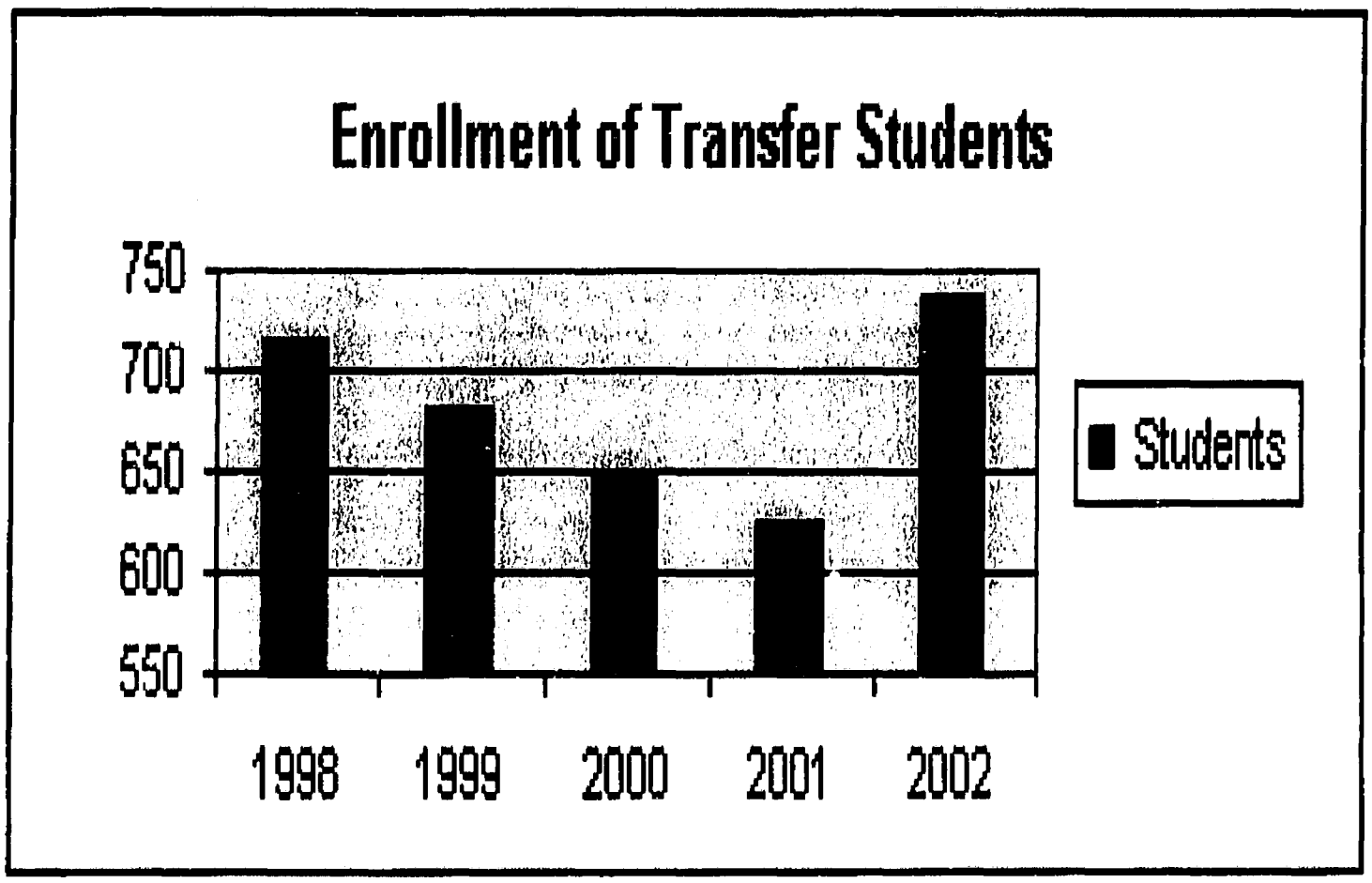
Enrollment of Transfer Students

	1998	1999	2000	2001	2002
Students	715	681	648	624	739



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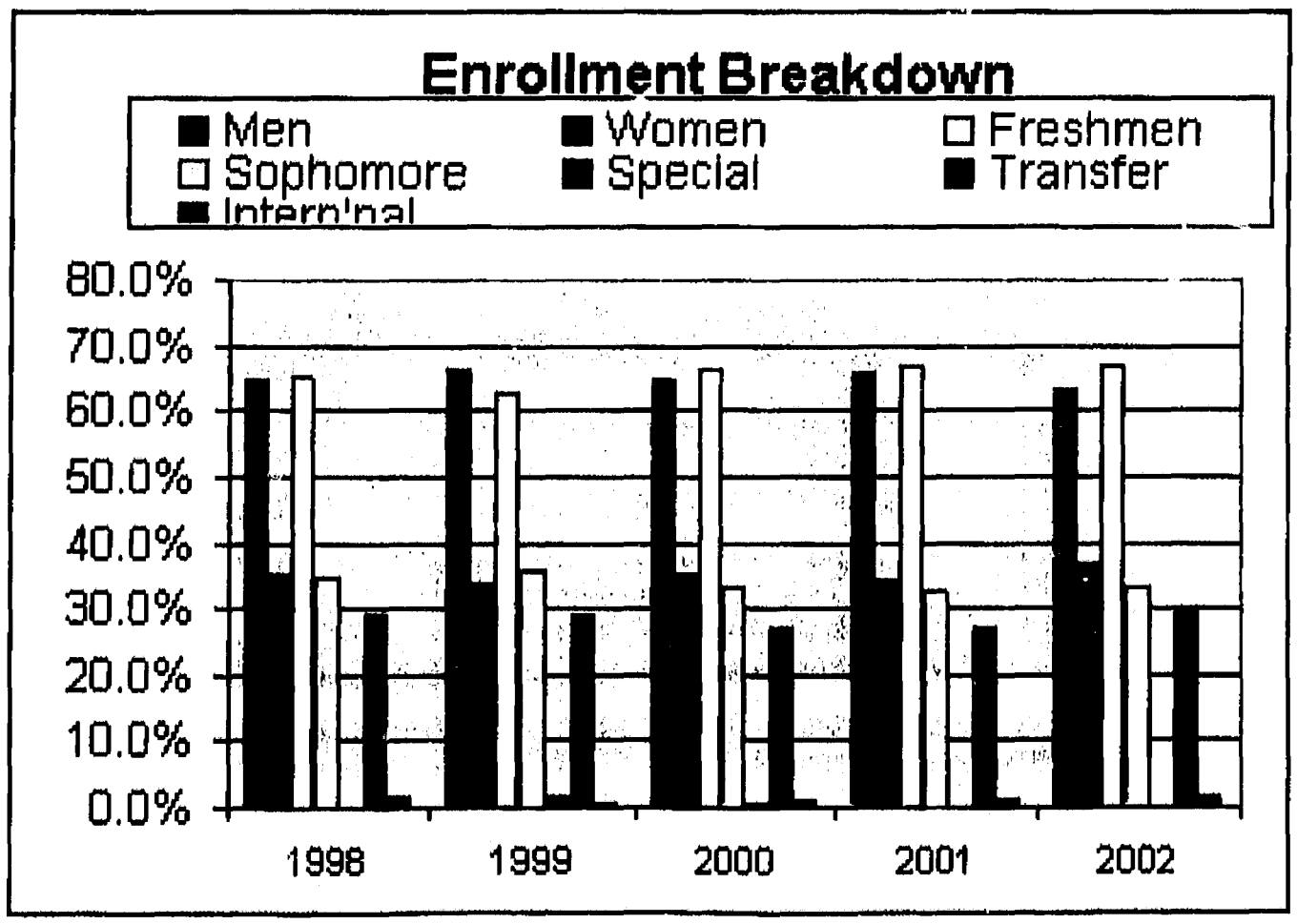
Enrollment Breakdown

	1998	1999	2000	2001	2002
Men	64.8%	66.2%	64.6%	65.9%	63.2%
Women	35.2%	33.8%	35.4%	34.0%	36.8%
Freshmen	65.4%	62.9%	66.4%	67.0%	67.0%
Sophomore	34.6%	35.8%	33.1%	32.8%	33.0%
Special		1.3%	0.5%	0.1%	0.0%
Transfer	29.0%	29.0%	27.0%	27.0%	30.3%
Intern'nal	1.7%	0.7%	0.9%	1.2%	1.4%
Total	2469	2345	2425	2292	2439



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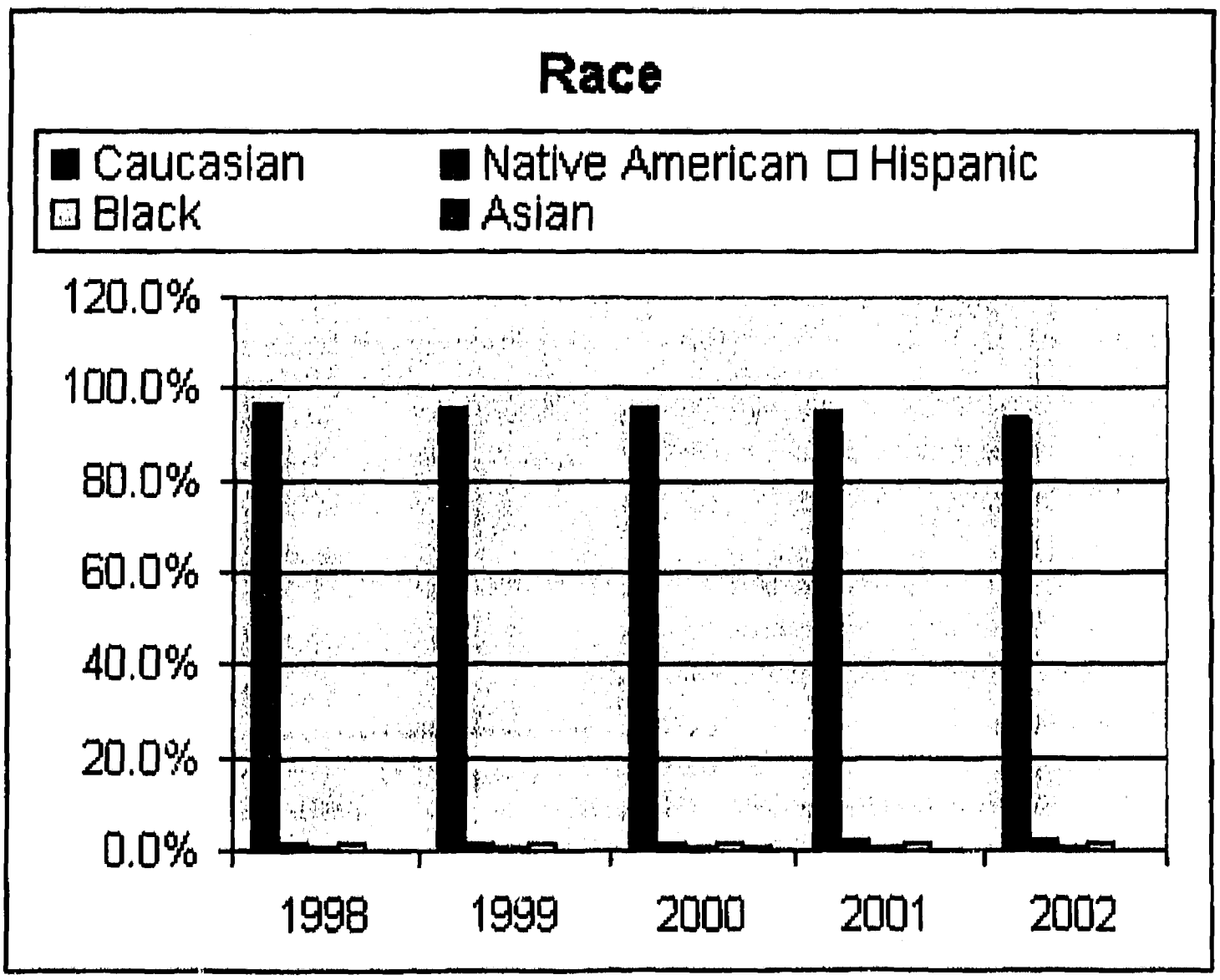
Race

	1998	1999	2000	2001	2002
Caucasian	96.9%	96.2%	95.6%	95.3%	94.0%
Native Ame	1.2%	1.6%	1.7%	1.9%	2.1%
Hispanic	0.6%	0.7%	0.6%	0.8%	0.6%
Black	1.1%	1.3%	1.7%	1.7%	1.4%
Asian	0.2%	0.2%	0.4%	0.4%	0.3%



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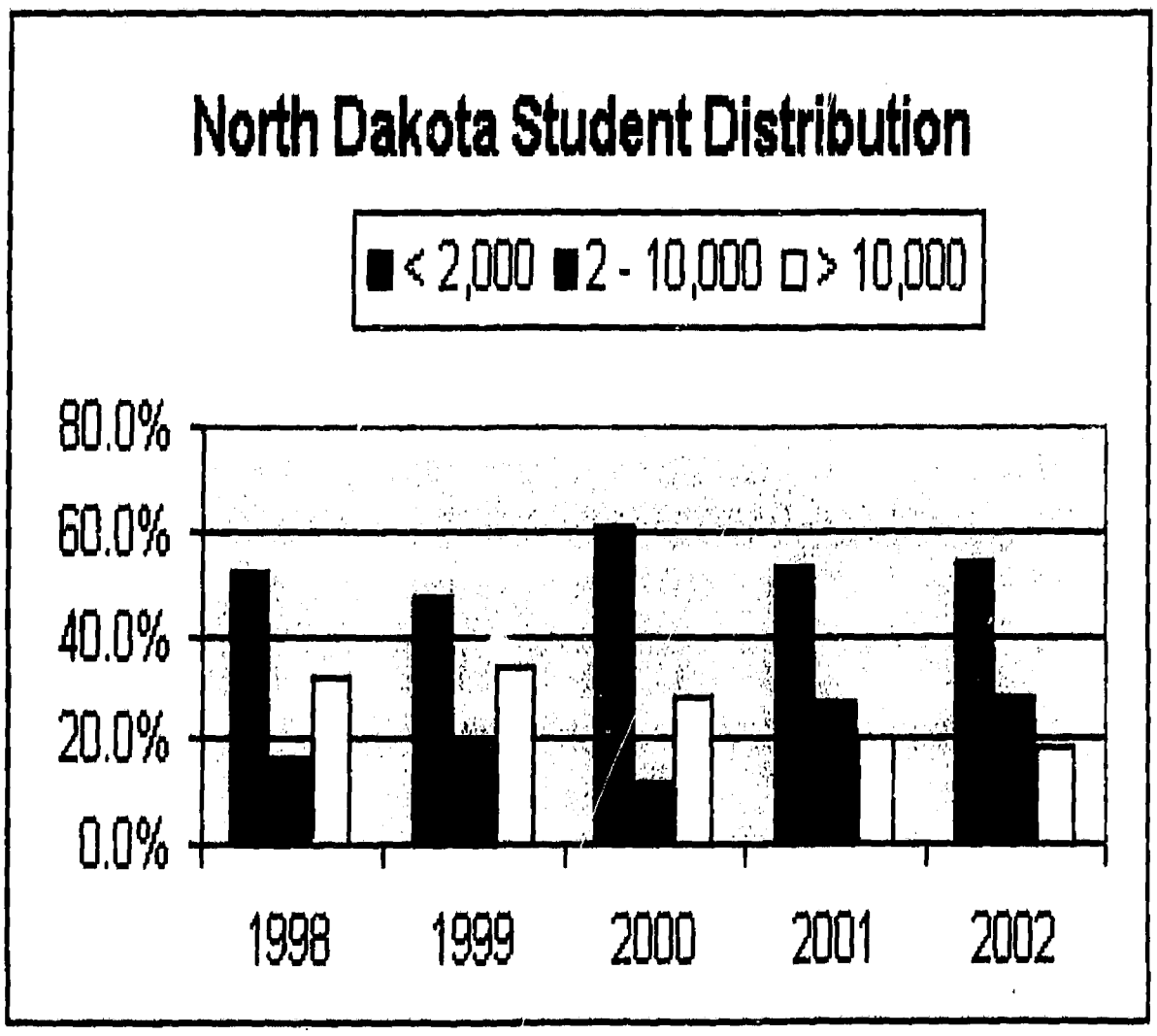
North Dakota Student Distribution

Population	1998	1999	2000	2001	2002
< 2,000	52.0%	47.2%	60.9%	53.0%	53.5%
2 - 10,000	16.0%	19.1%	11.2%	27.0%	28.3%
> 10,000	32.0%	33.7%	27.8%	20.0%	18.2%



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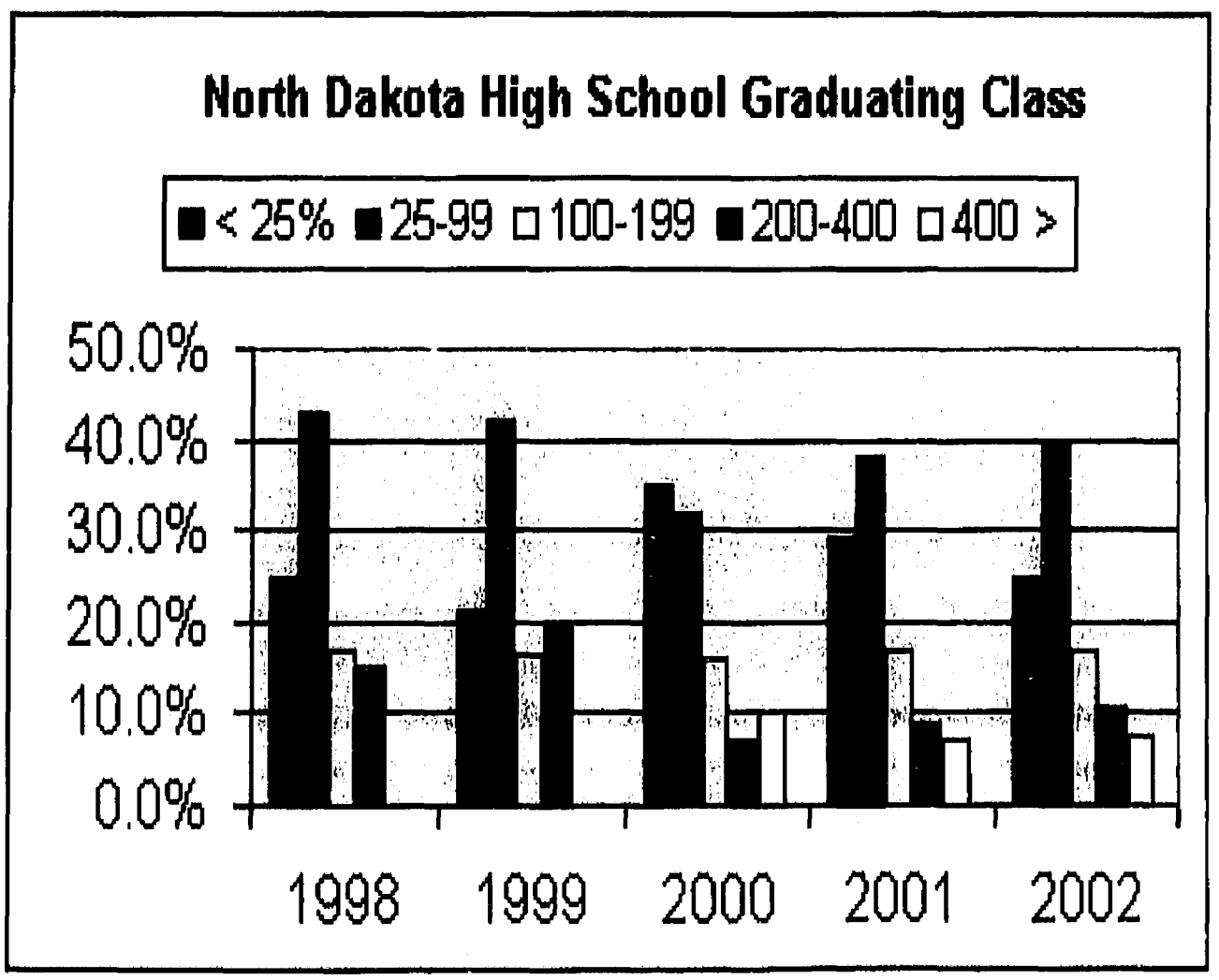
North Dakota High School Graduating Class

	1998	1999	2000	2001	2002
< 25%	25.0%	21.4%	35.0%	29.0%	25.0%
25-99	43.0%	42.0%	32.0%	38.0%	40.0%
100-199	17.0%	16.5%	16.0%	17.0%	16.6%
200-400	15.0%	20.0%	7.0%	9.0%	10.7%
400 >			10.0%	7.0%	7.5%
Average	39	42	43	44	44



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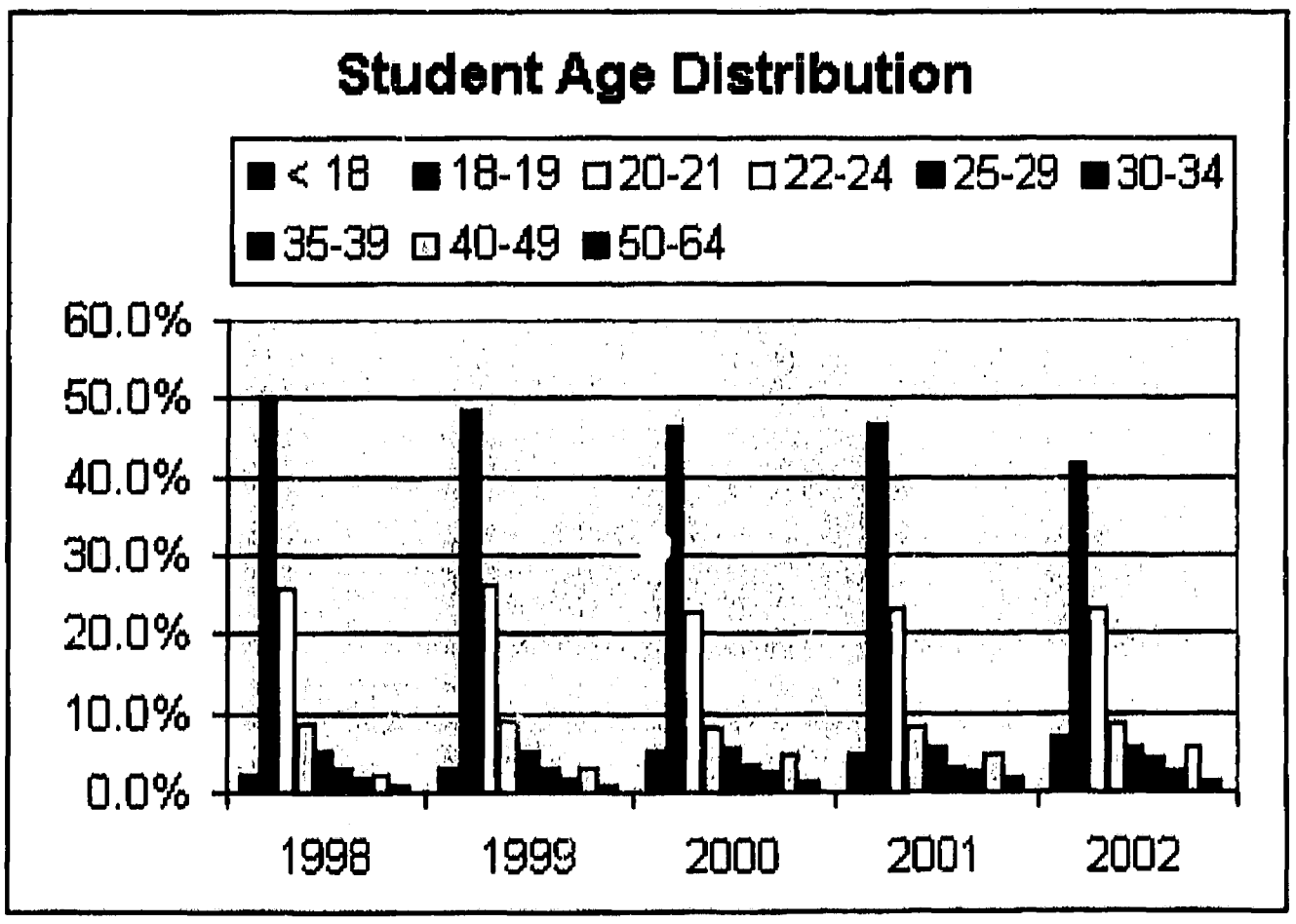
Student Age Distribution

	1998	1999	2000	2001	2002
< 18	2.3%	2.8%	5.2%	4.9%	7.0%
18-19	50.3%	48.6%	46.4%	46.9%	41.5%
20-21	25.8%	26.0%	22.6%	23.1%	23.0%
22-24	8.7%	9.0%	8.2%	8.0%	8.7%
25-29	5.1%	5.0%	5.6%	5.7%	5.5%
30-34	2.9%	3.1%	3.3%	3.0%	4.2%
35-39	1.9%	1.7%	2.5%	2.6%	2.7%
40-49	2.3%	3.0%	4.7%	4.6%	5.7%
50-64	0.7%	0.8%	1.4%	1.6%	1.4%



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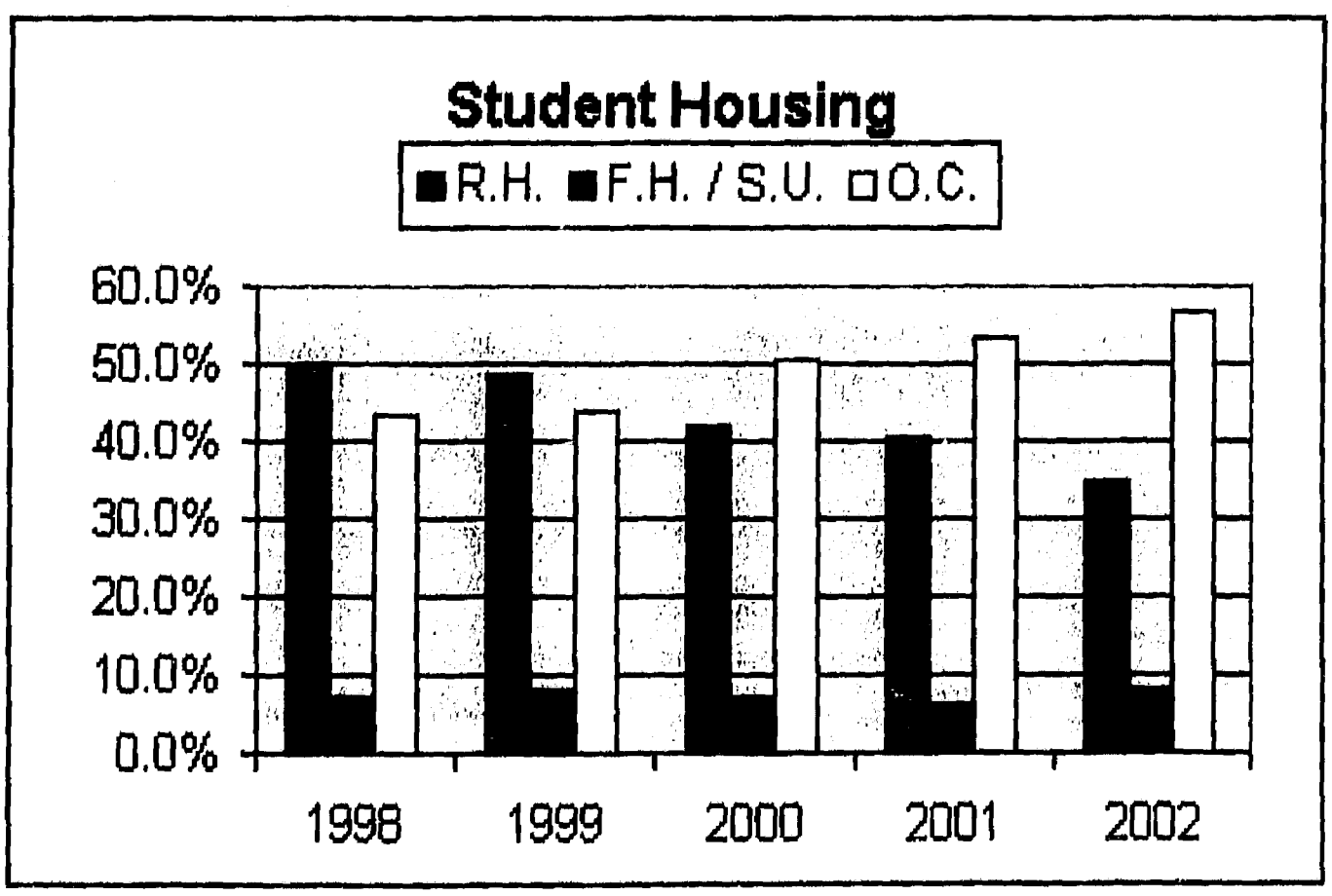
Student Housing

	1998	1999	2000	2001	2002
R.H.	49.7%	48.4%	42.0%	40.4%	34.8%
F.H. / S.U.	7.1%	7.9%	7.3%	6.2%	8.3%
O.C.	43.2%	43.8%	50.7%	53.4%	56.9%

R.H. = Residential Housing

F.H. / S.U. = Family Housing / Single Unit

O.C. = Off Campus



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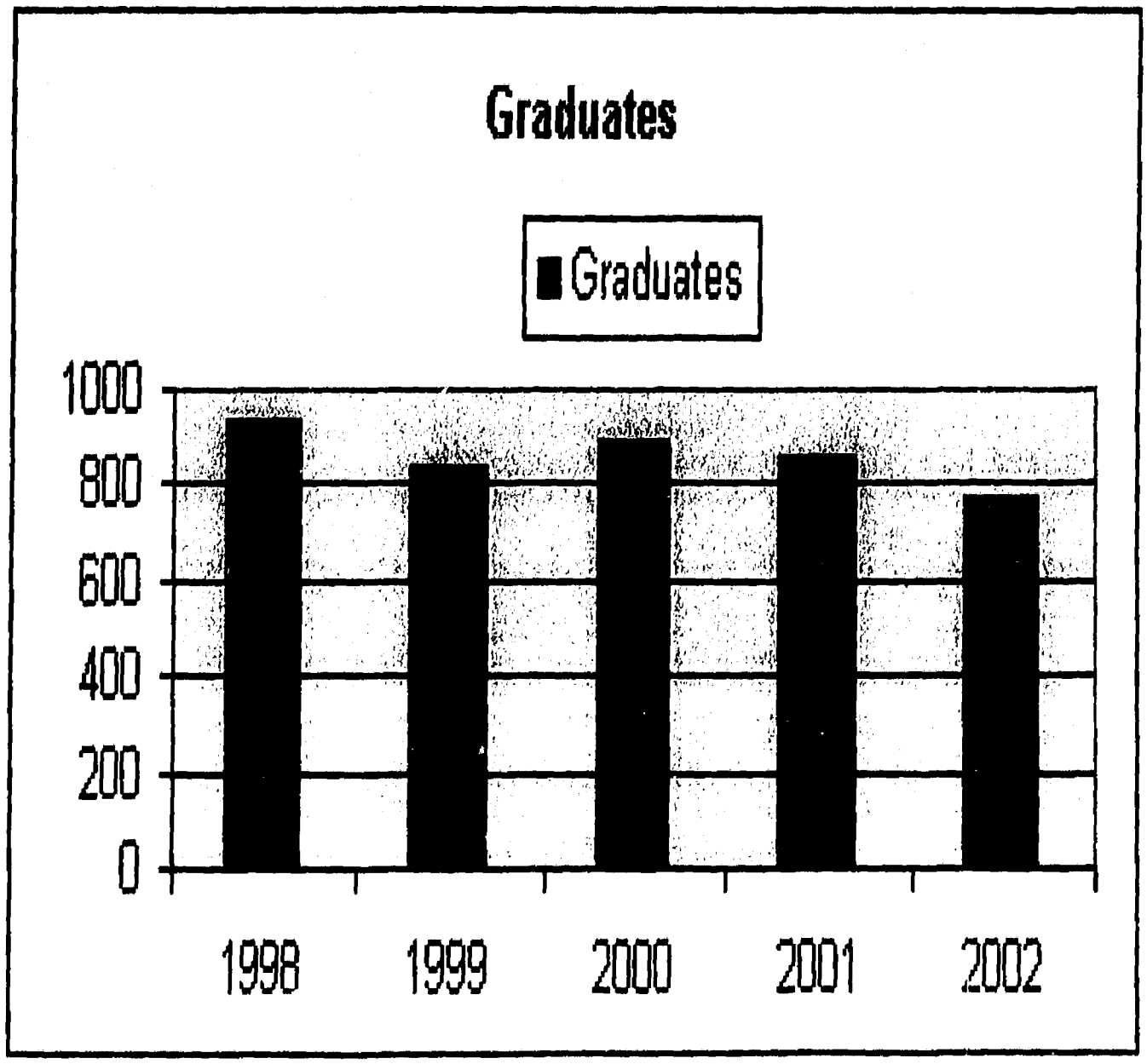
Graduates

	1998	1999	2000	2001	2002
Graduates	935	832	889	862	777



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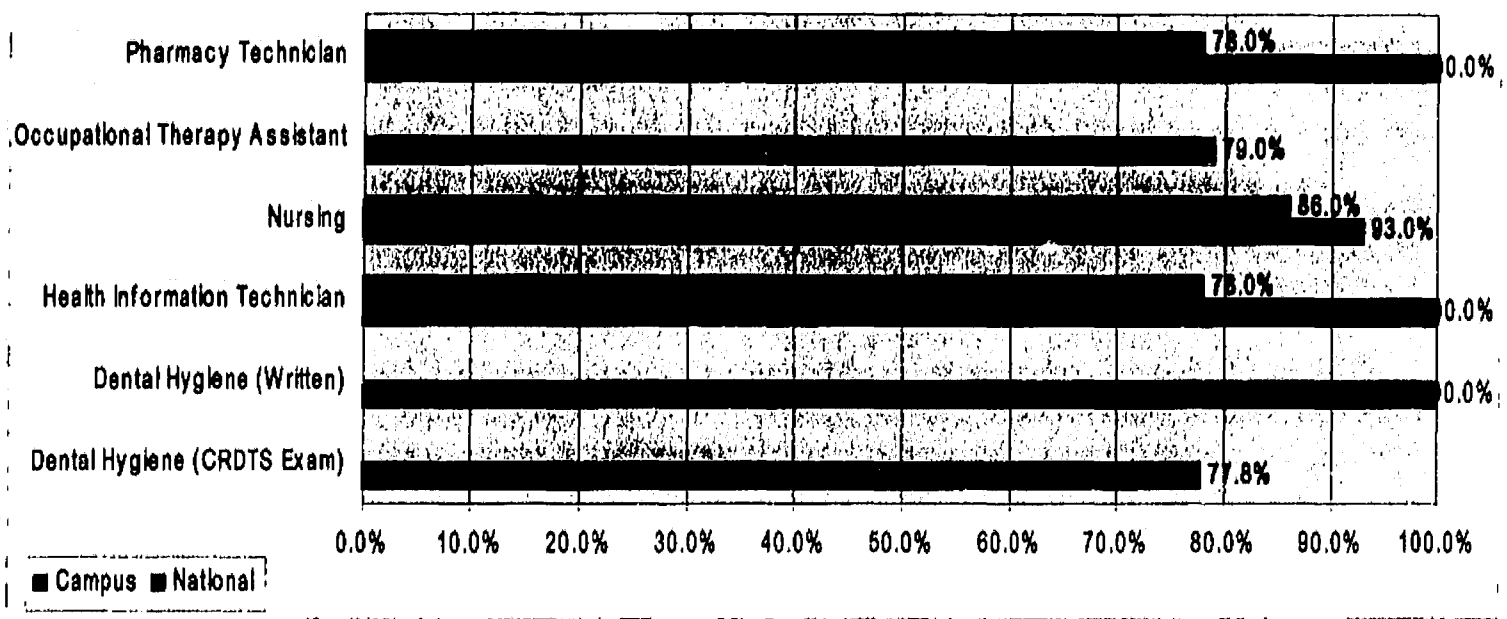
NDSCS National Exam Reporting by Pass Rate

	Campus	National
Dental Hygiene (CRDTS Exam)	77.8%	
Dental Hygiene (Written)	100.0%	
Health Information Technician	100.0%	78.0%
Nursing	93.0%	86.0%
Occupational Therapy Assistant	79.0%	
Pharmacy Technician	100.0%	78.0%

NDSCS National Examination Reporting by Pass Rate



	'93	1994	1995	1996	1997	1998	1999	2000	2001	2002
NDSCS Grad Rate*	53.0%	54.0%	54.0%	54.0%	54.0%	49.0%	55.0%	60.0%	61.00%	58.00%

Graduation Rates includes all students graduating in two years and graduates of one-year certificate programs

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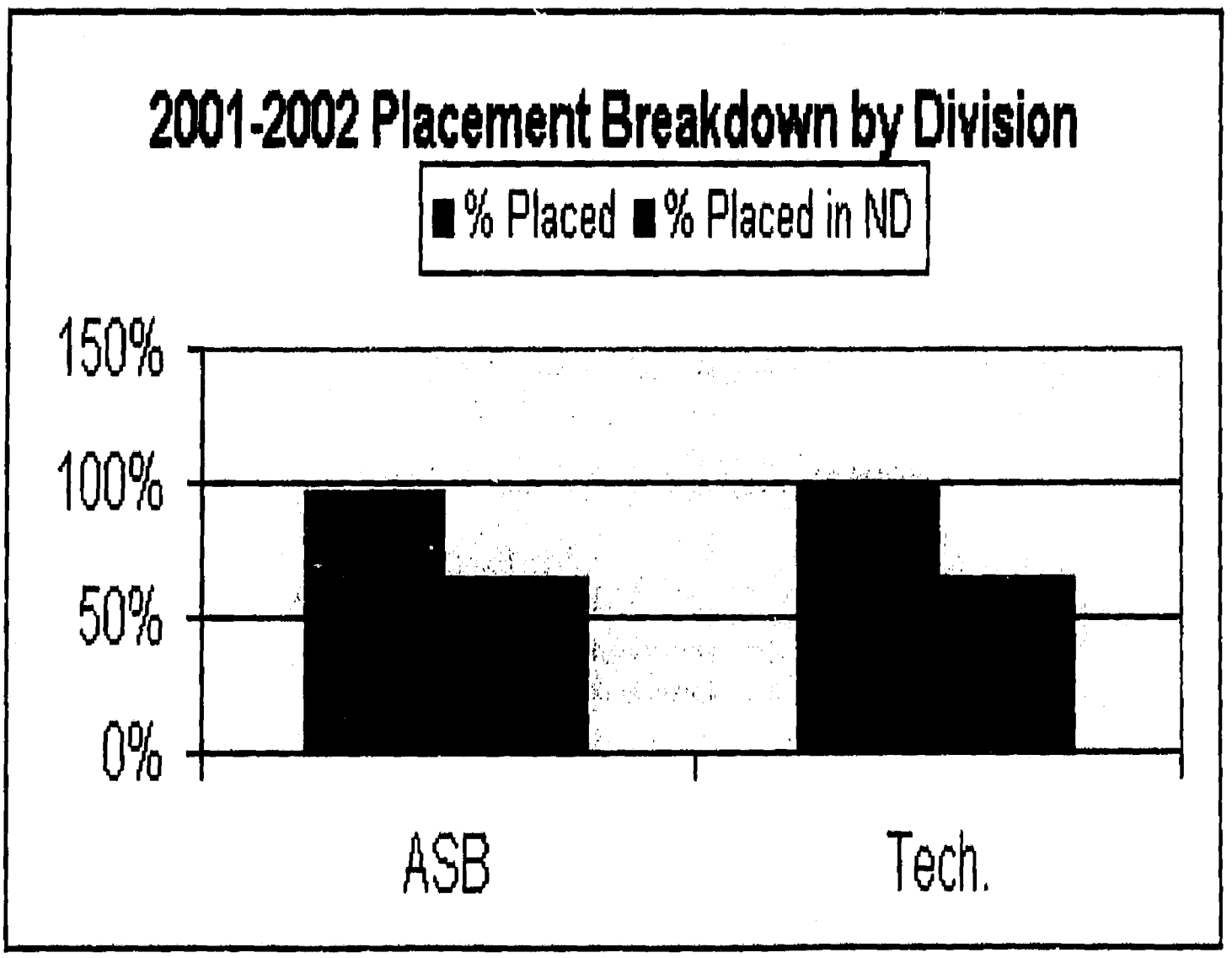
2001-2002 Placement Breakdown by Division

	Job Openings	Graduates	Ratio	Beginning Average Salary/mo/	% Placed	% Placed in ND
ASB	783	239	3.3:1	$2,352	97%	64%
Tech.	1413	454	3.1:1	$1,892	99%	64%



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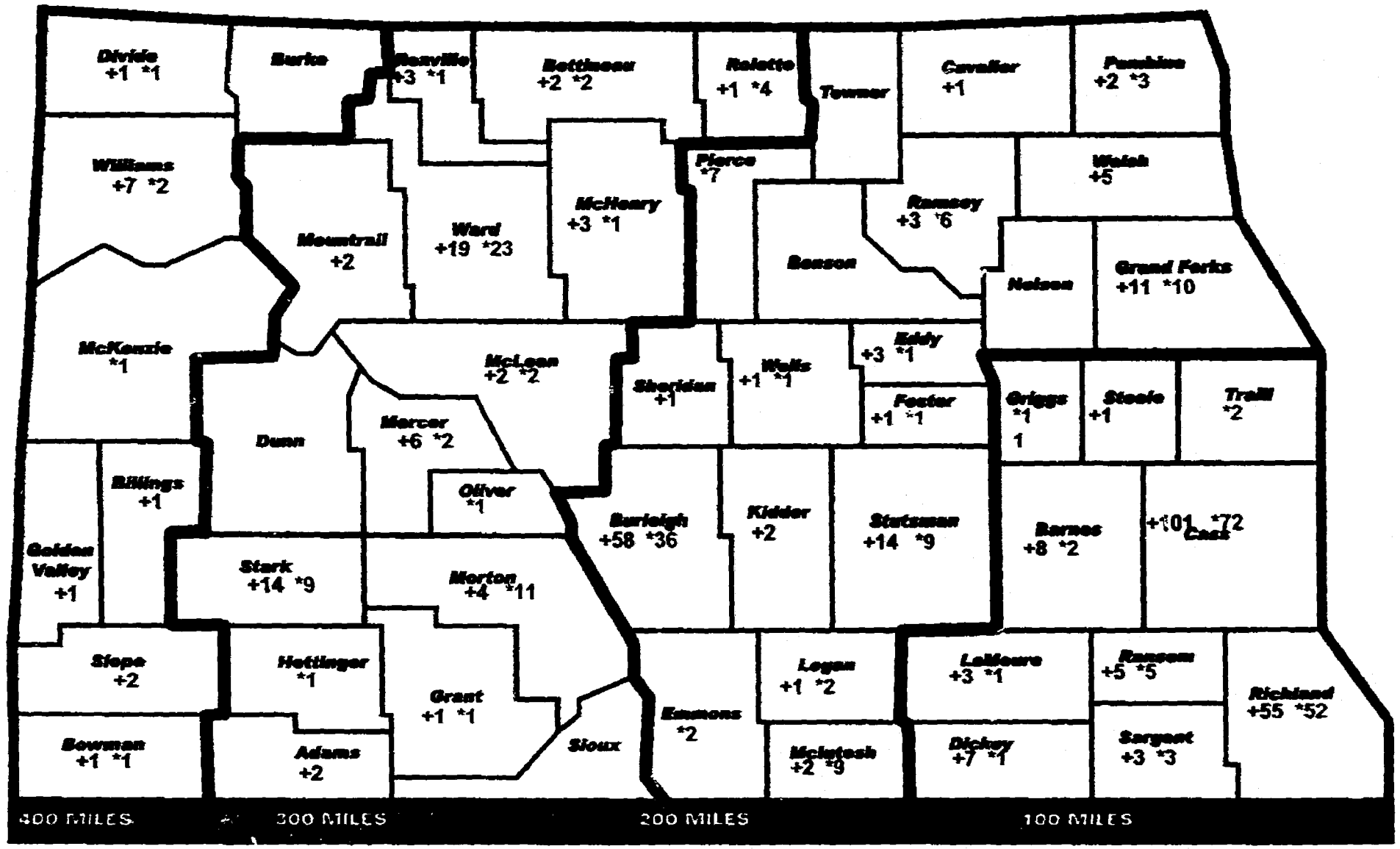

\+ = 2001-2002 * = 2000-2001

NDSCS Graduates Placed in Each North Dakota County

Comparison by States Where NDSCS Career & Technology Graduates Were Enrolled 2001-2002

States Our Students Came From

States Where Our Students Went to College	North Dakota	Minnesota	South Dakota	Montana	Wyoming	California	Arizona	Colorado	Totals
North Dakota	143	20	6	5			1	2	177
Minnesota	20	9							29
Montana	1			1					2
South Dakota	1	1	2						4
Wyoming					1				1
Florida	1	1							2
California						1			1
Oklahoma								1	1
Oregon	1								1
Nebraska	1								1
Arizona	1								1
Unknown	3	3							6
Totals	172	34	8	6	1	1	1	3	226

83% of In State Career & Technology Transfer Students Continued Their Education within North Dakota

63% of Out of State Career & Technology Transfer Students Continued Their Education within North Dakota

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Comparison by States Where NDSCS Career & Technology Graduates Were Employed 2001-2002

States Our Students Came From

States Our Students Went for Employment	North Dakota	Minnesota	Montana	South Dakota	Oregon	Pennsylvania	Totals
North Dakota	254	18	9	7		1	289
Minnesota	36	45	1	2			84
South Dakota	9	2		20			31
Montana			11		1		12
Alaska	3						3
Arizona	1						1
California		1					1
Colorado	8	1	1	1			11
Colorado/Illinois	1						1
Iowa	3						3
Mississippi		2					2
Washington	1						1
Wyoming	5		1				6
Totals	321	69	23	30	1	1	445

79% of In State Career & Technology Graduates were Employed within North Dakota

28% of Out of State Career & Technology Graduates were Employed within North Dakota

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NORTH DAKOTA STATE COLLEGE OF SCIENCE

Comparison by States Where NDSCS Career & Technology Graduates Were Enrolled 2001-2002

- **83% of In-State Career & Technology Transfer Students Continued Their Education within North Dakota**

- **63% of Out-of-State Career & Technology Transfer Students Continued Their Education within North Dakota**

Comparison by States Where NDSCS Career & Technology Graduates Were Employed 2001-2002

- **79% of In-State Career & Technology Graduates were Employed within North Dakota**

- **28% of Out-of-State Career & Technology Graduates were Employed within North Dakota**

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According to the student surveys that we conduct every year we find that our students are most satisfied with these services.

Specific strengths of the institution were:

- Affordable, quality education
- Quality of instruction
- Knowledgeable and approachable advisors
- Knowledgeable faculty in their fields
- Ability to register for the classes needed with few conflicts
- Clear and reasonable program requirements
- A good variety of courses is available
- Students feel welcome on the campus
- Up-to-date equipment in lab facilities
- Academic advisors are concerned about my success as an individual

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The NDSCS Commitment to Quality Improvement

The North Dakota State College of Science is committed to continuously improving its education and services. Each year surveys are taken to measure the importance of each educational component to students and get a reading on how well we are doing. According to the results of the Student Satisfaction Inventory for 2002, students feel that the areas of *instructional effectiveness, academic advising, and concern for the individual* are the most important to them and they are the most satisfied with these services.

Specific strengths of the institution are:

- Affordable, quality education
- Quality of instruction
- Knowledgeable and approachable advisors
- Knowledgeable faculty in their fields
- Ability to register for the classes needed with few conflicts
- Clear and reasonable program requirements
- A good variety of courses is available
- Students feel welcome on the campus
- Up-to-date equipment in lab facilities
- Academic advisors are concerned about my success as an individual

According to the survey, students indicated that the college could improve in the following areas:

- Amount of financial aid available
- Amount of student parking available
- Earlier notification if a student is doing poorly in class
- More convenient ways of paying student bills
- Earlier announcement of financial aid awards
- Lighting and security in parking lots

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Institutional Summary

Scales: In Order of Importance to Our Students

	Our Institutions Means North Dakota State College of Science – 11/2002			National Group Means Community, Junior & Technical Colleges			Mean Difference (Satisfaction)
Scale	Importance	Satisfaction/SD	Performance Gap	Importance	Satisfaction/SD	Performance Gap	Our Inst. – Nat'l Gap
Instructional Effectiveness	5.97	5.28 / 0.99	0.69	6.14	5.27 / 1.05	0.87	0.01
Academic Advising/Counseling	5.94	5.40 / 1.01	0.54	6.08	5.05 / 1.29	1.03	0.35 ***
Concern for the Individual	5.89	5.23 / 1.04	0.66	6.04	5.09 / 1.19	0.95	0.14 ***
Registration Effectiveness	5.89	5.22 / 0.94	0.67	6.10	5.27 / 1.04	0.83	-0.05
Student Centeredness	5.81	5.22 / 1.02	0.59	5.90	5.21 / 1.12	0.69	0.01
Campus Climate	5.79	5.15 / 0.95	0.64	5.90	5.14 / 1.05	0.76	0.01
Admissions and Financial Aid	5.78	4.93 / 1.08	0.85	5.93	4.95 / 1.20	0.98	-0.02
Safety and Security	5.76	4.67 / 1.11	1.09	5.95	4.81 / 1.19	1.14	-0.14 ***
Academic Services	5.75	5.27 / 0.94	0.48	5.98	5.22 / 1.07	0.76	0.05
Service Excellence	5.73	5.12 / 0.96	0.61	5.88	5.09 / 1.06	0.79	0.03
Campus Support Services	5.24	4.88 / 0.98	0.36	5.37	4.81 / 1.12	0.56	0.07 *
Responsiveness to Diverse Populations		5.09 / 1.16			5.33 / 1.23		-0.24 ***

* Difference statistically significant at the .05 level.
** Difference statistically significant at the .01 level
*** Difference statistically significant at the .001 level

National Group Means are based on 226,886 students records.

NDSCS Instructional Programs CIP Codes

CIP CODE	PROGRAM	EMPHASIS	Degree* CP	DP	A A S	A S	A A	Method of Delivery*
01 - Agricultural Business and Production								
01.0199	John Deere Ag Parts Marketing and Management				X			T
01.0204	John Deere Ag Tech				X			T
01.0304	Agriculture	Crop Production Sales and Service			X			T
01.0301	Agriculture	Farm Management/Ag Mechanics			X			T
01.0501	Agriculture	Ag Mechanics Sales and Service			X			T
01.0501	John Deere Ag Sales				X			T
02 - Agricultural Sciences								
02.0101	John Deere Ag Sales	John Deere Ag Sales Transfer				X		T
02.0101	Liberal Arts	Agriculture Transfer				X		T
03 - Conservation and Renewable Natural Resources								
03.9999	Liberal Arts	Pre-Wildlife Management				X		T
11 - Computer and Information Sciences								
11.0101	Liberal Arts	Computer Science				X		T
11.0201	Computer Information Systems	Computer Programming			X			T, OC
11.0601	Computer Information Systems	Microcomputer Operator	X					T, OC
11.0701	Computer Information Systems	Web Design	X					T, OC, O
11.9999	Computer Information Systems	Microcomputer Specialist			X			T, OC
11.9999	Computer Information Systems	Microcomputer Operator/Web Design			X			T, OC
13 - Education								
13.0101	Liberal Arts	Pre-Education					X	T
13.1319	Technical Studies		X	X	X			T
15 - Engineering Related Technologies								
15.00	Liberal Arts	Engineering				X		T
15.0101	Architectural Drafting and Estimating Technology				X			T
15.0201	Civil Engineering and Surveying Technology				X			T
15.0303	Electrical Technology		X					T
15.0303	Electrical Technology	Electrical Construction			X			T
15.0303	Electrical Technology	Industrial Electrical			X			T
15.0303	Electrical Technology	Electrical Master Technician			X			T
15.0501	Refrigeration and Air Conditioning Technology				X			T
15.1001	Construction Technology				X			T
15.1001	Building Construction Technology				X			T

*Coding methods appear at the end of this report.

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NDSCS Instructional Programs CIP Codes

CIP CODE	PROGRAM	EMPHASIS	Degree*					Method of Delivery*
			CP	DP	A A S	A S	A A	
20 - Vocational Home Economics								
20.0499	Culinary Arts	Chef Training and Management Technology		X	X			T
22 - Law and Legal Studies								
22.0102	Liberal Arts	Pre-Law					X	T
24 - Liberal Arts and Sciences, General Studies and Humanities								
24.0101	Liberal Arts	General Liberal Arts				X	X	T
24.0102	Liberal Arts	General Studies				X		T
26 - Biological Sciences / Life Sciences								
26.0616	Liberal Arts	Biotechnology				X		T
30 - Multi / Interdisciplinary Studies								
30.1901	Liberal Arts	Natural Science				X		T
40 - Physical Sciences								
40.0101	Liberal Arts	Physical Science				X		T
43 - Protective Services								
43.0107	Liberal Arts	Pre-Law Enforcement					X	T
46 - Construction Trades								
46.0501	Plumbing		X					T
47 - Mechanics and Repairers								
47.0105	Electronic Technology				X			T
47.0201	HVAC Systems and Technology		X					T
47.0201	Mechanical Systems				X			T
47.0603	Auto Body Repair and Refinishing Technology		X	X	X			T
47.0604	Automotive Technology			X	X			T
47.0604	Automotive Technology	Automotive Alignment and Brake Technician	X					T
47.0604	Automotive Technology	Automotive Engine Technician	X					T
47.0604	Automotive Technology	Automotive Transmission and Driveline Technician	X					T
47.0605	Caterpillar Dealer Service Technician				X			T
47.0605	Diesel Technology			X	X			T
47.0606	Recreational Engines Technology			X	X			T
47.0699	Auto and Diesel Master Technician				X			T

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NDSCS Instructional Programs CIP Codes

CIP CODE	PROGRAM	EMPHASIS	Degree* CP	DP	A A S	A S	A A	Method of Delivery*
48 - Precision Production Trades								
48.0105	Mechanical Drafting and Design Technology *	* (inactive status)			X			T
48.0501	Machinist and Toolmaker		X	X	X			T
48.0503	Automated Manufacturing Technician				X			T
48.0508	Welding Technology		X	X	X			T
50 - Visual and Performing Arts								
50.0901	Liberal Arts	Music					X	T
51 - Health Professions and Related Sciences								
51.0101	Liberal Arts	Pre-Chiropractic				X		T
51.0601	Dental Assisting		X					T
51.0602	Dental Hygiene				X			T
51.0707	Health Information Technician				X			T, OC, O
51.0708	Office Administration	Medical Transcriptionist	X					T, OC, O, (T, O)
51.0709	Health Information Technician	Medical Coding	X					T, OC, O
51.0803	Occupational Therapy Assistant				X			T
51.0805	Pharmacy Technician		X		X			T, O
51.1099	Liberal Arts	Clinical Laboratory Science				X		T
51.1101	Liberal Arts	Pre-Dental					X	T
51.1102	Liberal Arts	Pre-Medical				X		T
51.1103	Liberal Arts	Pre-Pharmacy				X		T
51.1199	Liberal Arts	Pre-Health-Physical Education-Recreation					X	T
51.1401	Liberal Arts	Pre-Optometry				X		T
51.1502	Liberal Arts	Mental Health Care Associate					X	T, I, OC
51.1601	Liberal Arts	Transfer Nursing				X		T
51.1613	Practical Nursing				X			T, OC, (I,O,OC)
52 - Business Management and Administrative Services								
52.0201	Business Management	Administrative Management			X			T, OC
52.0201	Liberal Arts	Business Administration					X	T
52.0201	Business Management	General Management			X			T, OC
52.0204	Business Management	Supervisory Management	X					T, OC, O
52.0205	Business Management	Professional Supervisory Management			X			T, OC, O
52.0401	Office Administration	Administrative Assistant			X			T, OC, O
52.0403	Office Administration	Legal Administrative Assistant			X			T, OC, O
52.0404	Office Administration	Medical Administrative Assistant			X			T, OC, O
52.0499	Office Administration	Office Assistant	X					T, OC, O
52.0801	Banking & Financial Services	Agriculture			X			T
52.0801	Banking & Financial Services	Consumer/Commercial			X			T
52.0801	Liberal Arts	Banking and Financial Services					X	T
52.0902	Business Management	Restaurant Management			X			T, OC
52.1401	Business Management	Marketing Management			X			T, OC

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NDSCS Instructional Programs CIP Codes

Degree Code

CR - Certificate Program

DP - Diploma Program

AAS - Associate of Applied Science

AA - Associate of Arts

AS - Associate of Science

Method of Delivery Multiple delivery options or requirements are included in parenthesis separated by comas e.g. (I,O,OC).
Stand alone delivery methods (complete programs) are separated by commas e.g. O,T. A new program to be available on campus and off campus through a combination of off campus, in person, and online would be coded as: T, (OC,O).

Method of Delivery Code

C=Correspondence

I=IVN

O=Online

OC=Off-Campus/In Person

T=Traditional

V=Videotape

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ADEQUATE FUNDING FOR NDSCS PROGRAMS IS

GOOD BUSINESS FOR NORTH DAKOTA

North Dakota's economic future relies on a well trained workforce. Developing this workforce starts with quality technical programming. Many of these programs are unique to NDSCS. To meet the needs of North Dakota's business and industry this program must be adequately funded.

- Equipment and operating costs run **9-10 times higher** for specialized technical programs compared to NDSCS Liberal Arts and transfer programs.*
- Compared to NDSCS Liberal Arts and transfer curriculums, it costs **75-100% more** to appropriately staff specialized technical programs.*
- Career and technical education programs require **5 times more** physical space and dedicated facilities than Liberal Arts transfer programs.*

*Based on FY02 budget and enrollment data.

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NDSCS Specializes in Technical Programming

Technical programming is high cost.

Over 50% of NDSCS students are enrolled in **very high** cost technical programs.

Examples of High Cost Program Areas

Manufacturing Programs:

- Machinist and Toolmaking
- Welding
- Automated Manufacturing

Allied Health Programs:

- Dental Hygiene
- Practical Nursing
- Occupational Therapy Assistant

Construction Programs:

- Building Construction Technolgy
- Civil Engineering Technology
- Heating, Ventilation & Air-Conditioning

Transportation Programs:

- Diesel Technology

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What Makes Technical Programming High Cost?

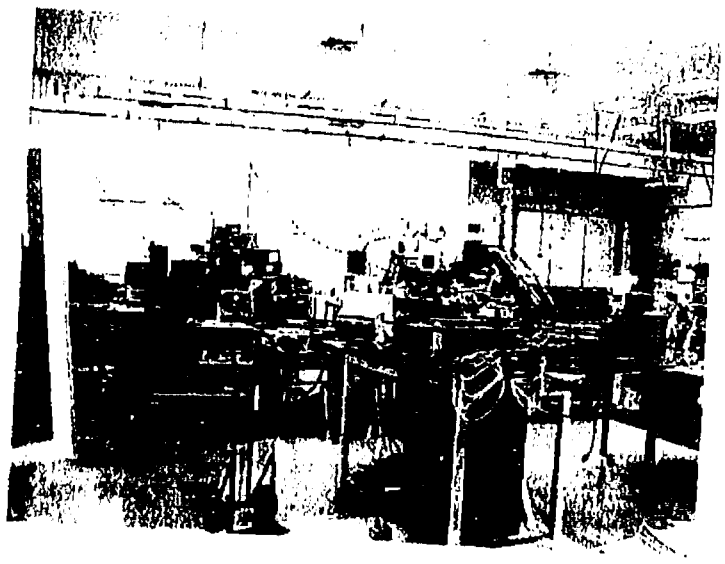
Specialized, expensive equipment and high operating costs

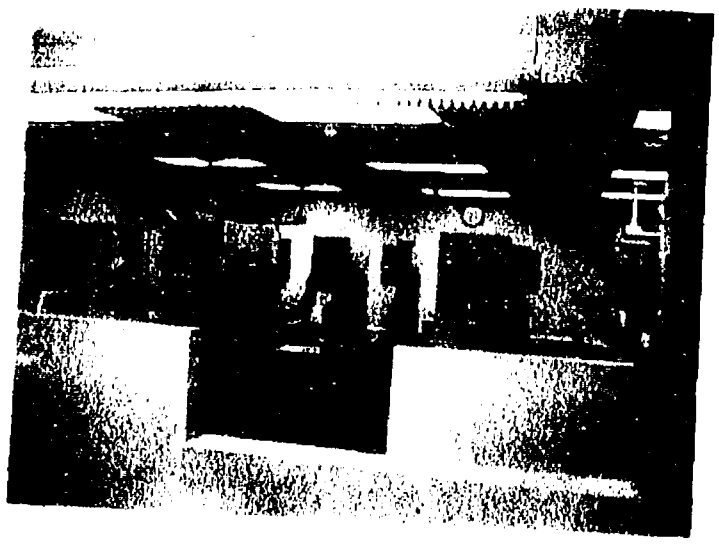
High faculty to student ratios

Large and dedicated instructional facilities









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Why High Cost?

Specialized Equipment and High Operating Costs

Equipment and operating costs run **9-10 times higher** for specialized technical programs compared to NDSCS Liberal Arts and transfer programs.



Other Implications

Researching, Purchasing and Installation of Equipment

Facility Modification to Accomodate Equipment

Instructor In-service and Training

Equipment Updating and Maintenance

Developing and Maintaining Industry Relationships

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hy High Cost?

High Faculty to Student Ratio

areer and technical education requires smaller class sizes
hich result in higher instructional costs per student
ducated.

ompared to NDSCS Liberal Arts and transfer curriculums,
costs **75-100% more** to appropriately staff specialized
echnical programs.



ome Driving Factors

nique and Individualized Instruction Required on Many
rojects

umerous Safety Issues

ccreditation Requirements

.vailability and Size of Equipment

aboratory Space

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Why High Cost?

Large and Dedicated Facilities
(Shops, labs, classrooms, storage and associated areas)

Career and technical education programs require **5 times more** physical space and dedicated facilities than Liberal Arts and transfer programs.

Comparison Examples

Automotive Lab vs. General Lecture Classroom

Manufacturing Lab vs. Computer Lab

Building Construction Lab vs. Science Lab

Other Implications of Large and Dedicated Facilities

Heating

Electrical

Ventilation Needs

Acoustical Needs

Building Repair and Upkeep

Custodial Maintenance and Services

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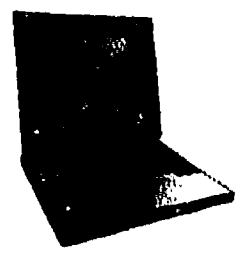
NDSCS On-Line

eCollege

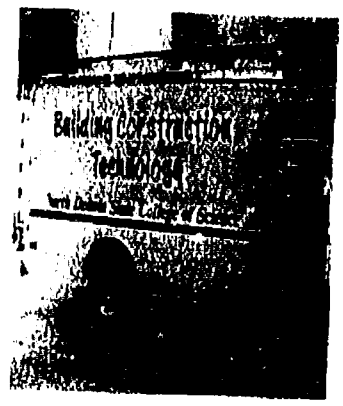




EdUit Tech

Business & Industry Partnerships And Relationships





Butler Buildings Co.

John Deere

Anheuser-Busch



Butler CAT

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PARTNERSHIPS AT NDSCS

The North Dakota State College of Science has realized many benefits because it has effectively developed significant relationships with numerous businesses and industries. This has resulted in substantial financial support for NDSCS and the students we serve. Examples of this support include:

- Financial contributions
- Donations of equipment, software and other instructional aids
- On-loan equipment
- Participation in industry-sponsored training
- Assistance with student recruitment
- Student scholarships
- Student sponsorships
- Placement sites for coops and internships

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PARTNERSHIPS AT NDSCS CONTINUED

While NDSCS has relationships with numerous businesses and industries, there are several that best illustrate the value of these contributions. Some of these are:

John Deere - The College's partnership with the John Deere Company includes two Associate in Applied Science Degree programs: John Deere Ag Tech and John Deere Ag Sales. Through this partnership the College receives numerous equipment donations and access to corporate sponsored training. John Deere dealers sponsor and provide internships for students. NDSCS also provides John Deere Pro-Tech training for currently employed technicians.

Caterpillar and Butler Machinery - Caterpillar Company became an educational partner in 2001 when NDSCS began delivery of the Caterpillar Technician AAS degree program. The College receives a significant financial contribution, as well as equipment from Caterpillar and Butler Machinery. Participating dealers also sponsor students and provide internship experiences.

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PARTNERSHIPS AT NDSCS CONTINUED

Haas - In 2001, the Haas Technical Center was developed through a partnership with Haas Automation, Inc., and Productivity, Inc. This partnership provides high-end machine tooling equipment and instructional simulators for the NDSCS Manufacturing Department. Each year, as part of this partnership, new equipment is added to the center and existing equipment is updated as needed.

MeritCare - NDSCS is participating in a collaborative effort with MeritCare Health Systems in educating practical nurses. MeritCare sponsors the students, financially supports the program and provides clinical sites as needed. Two cohort groups were formed with the first group graduating in August of 2002 and the second scheduled to complete the program in August of 2003.

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PARTNERSHIPS AT NDSCS CONTINUED

North Dakota Automobile Dealers Association - The College has an on-going relationship with the North Dakota Automobile Dealers Association. This has resulted in the donation of numerous training vehicles containing the latest technology. Association members provide students with cooperative education placements, which often leads to full-time employment upon graduation.

Through these and other partnerships and relationships, NDSCS has effectively leveraged the College's resources. A conservative estimate of the financial impact of these relationships during the current biennium is $4,200,000. This industry support assists NDSCS in our efforts to remain current in our technology and the instruction we provide.

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Accomplishments

Blikre Activities Center Floor (Local Funding)	**$162,800**
Parking Lot 2 (Local Funding)	**$1,000,000**
Steamline Distribution (State Funding)	**$1,211,400**
Old Main Roof (State Funding)	**$259,110**
Electrical Distribution System (State Funding)	**$639,490**
Skills Tech. Training Center (Local Funding)	**$385,000**

Total State Funding	**$2,100,000**
Total Local Funding	**$1,547,800**

Burning Coal as of 11/02 (State Funding)	**$139,000**

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Local Funds

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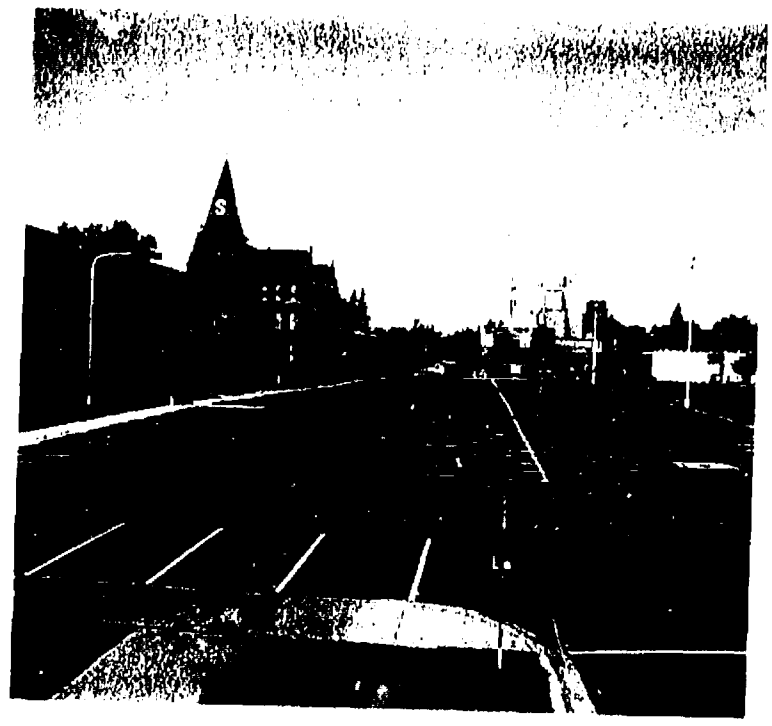

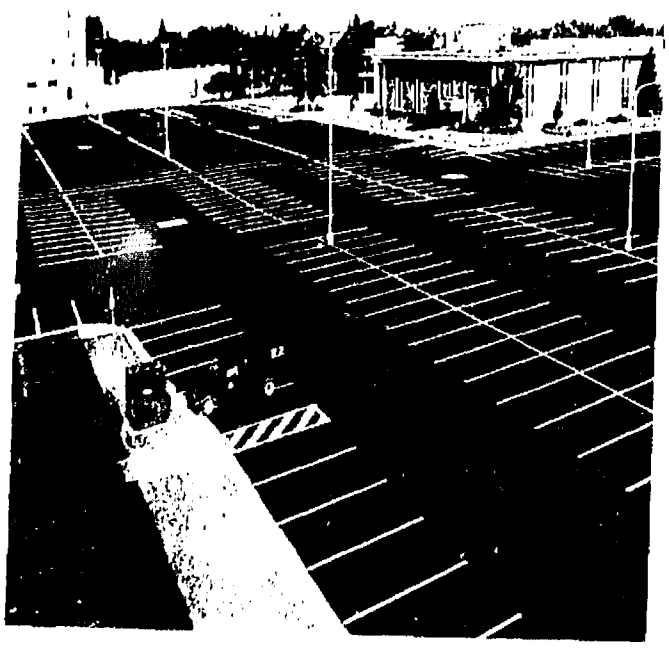



$1,000,000 Bond paid by Student And Employee Fees

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Parking Lot 2









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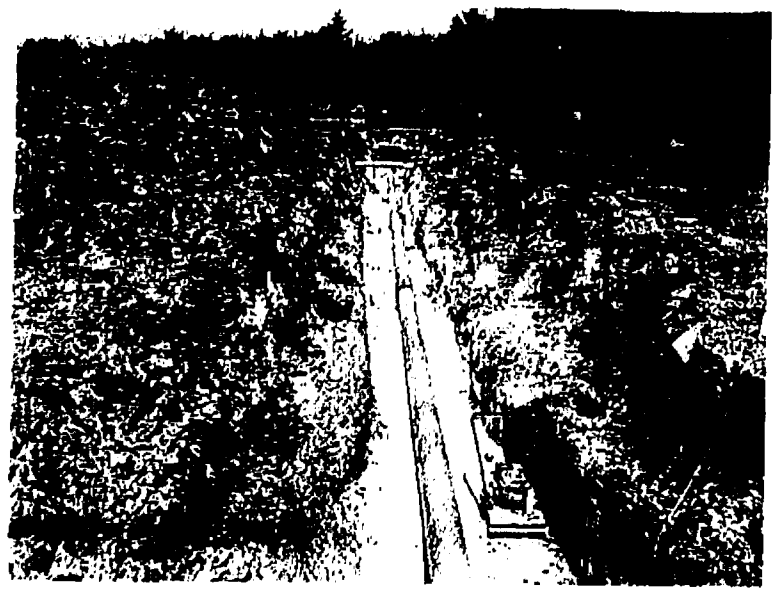
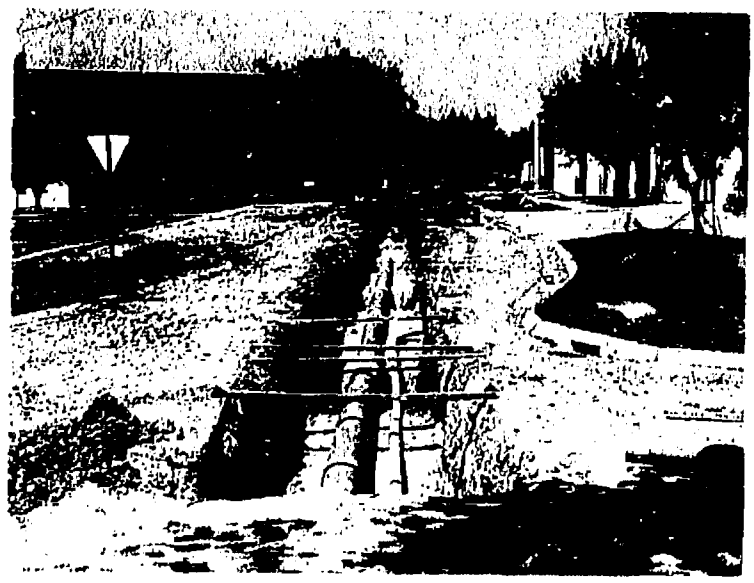
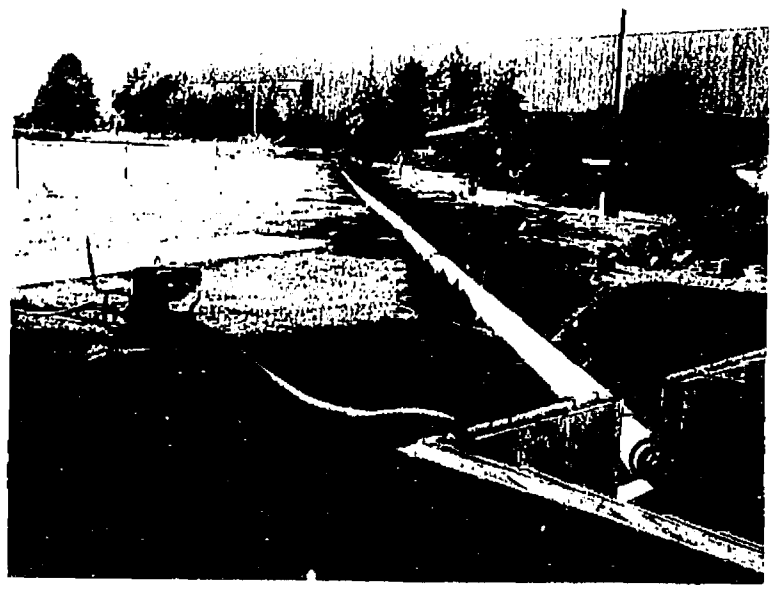


New Steam Line-North End of Campus



$1,211,400

State Funded



70% of the campus has new steam lines

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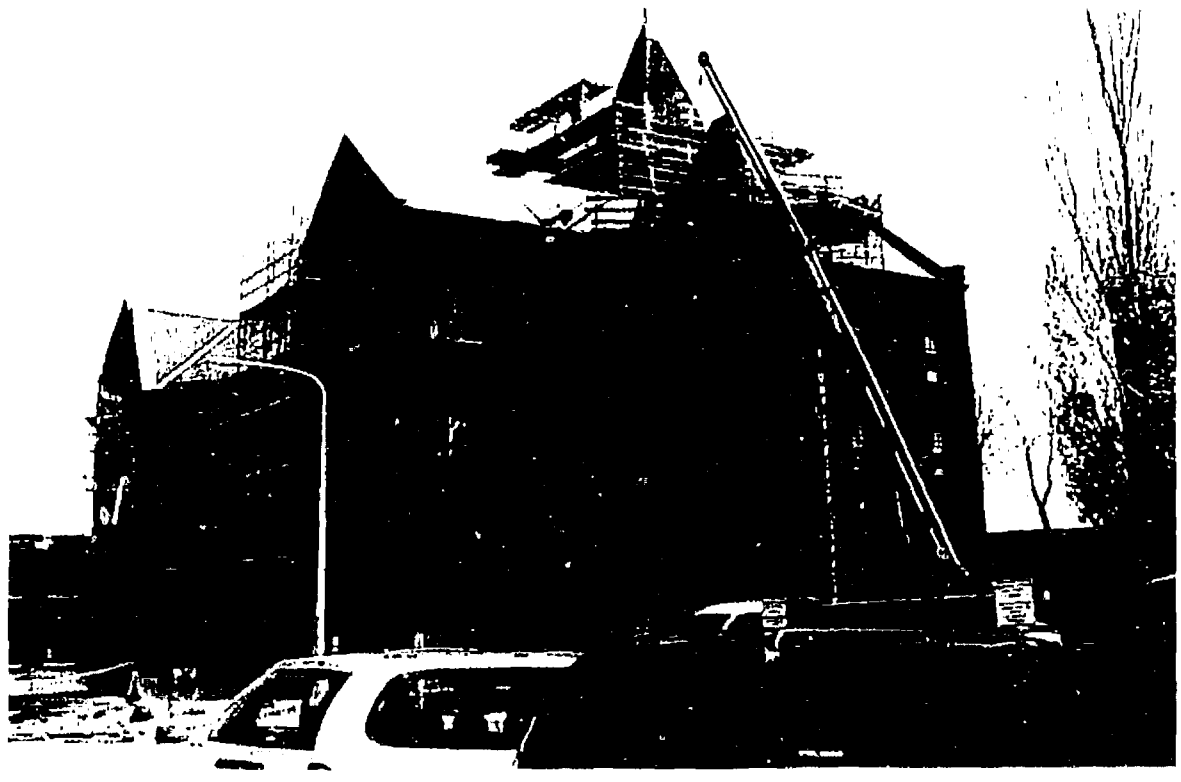
LaCosta Rickford 4/30/03

Operator's Signature Date

A New Roof For Old Main
$259,110 State Funds





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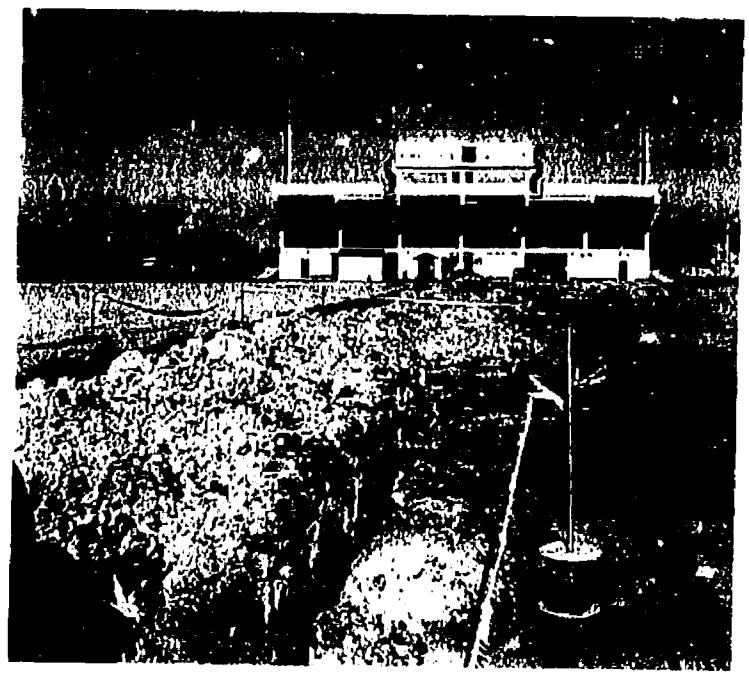
Operator's Signature

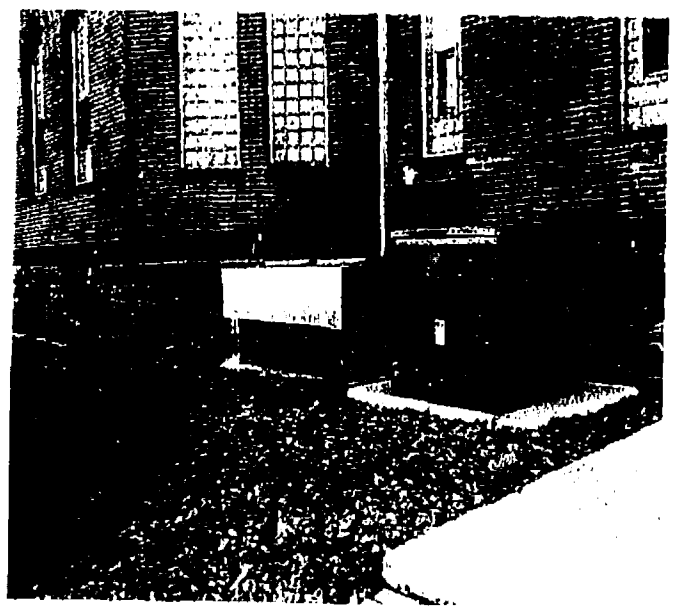
9/30/03
Date

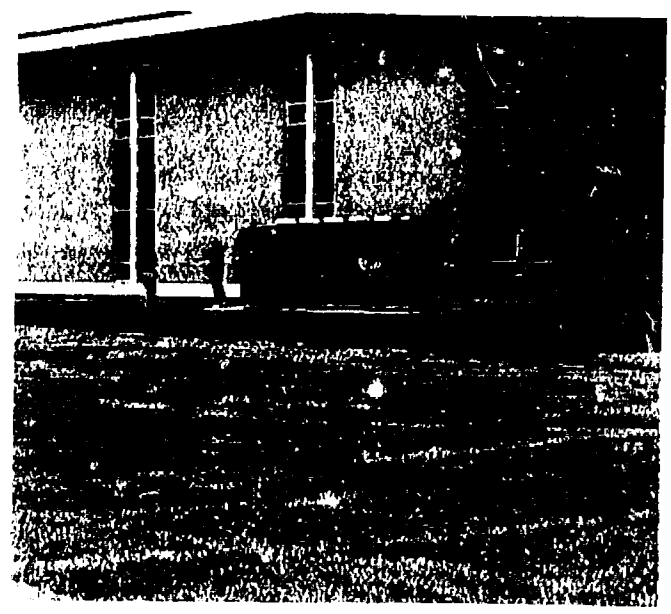
Electrical Distribution System



$639,490 – State Funded

Two of Eleven New Transformers





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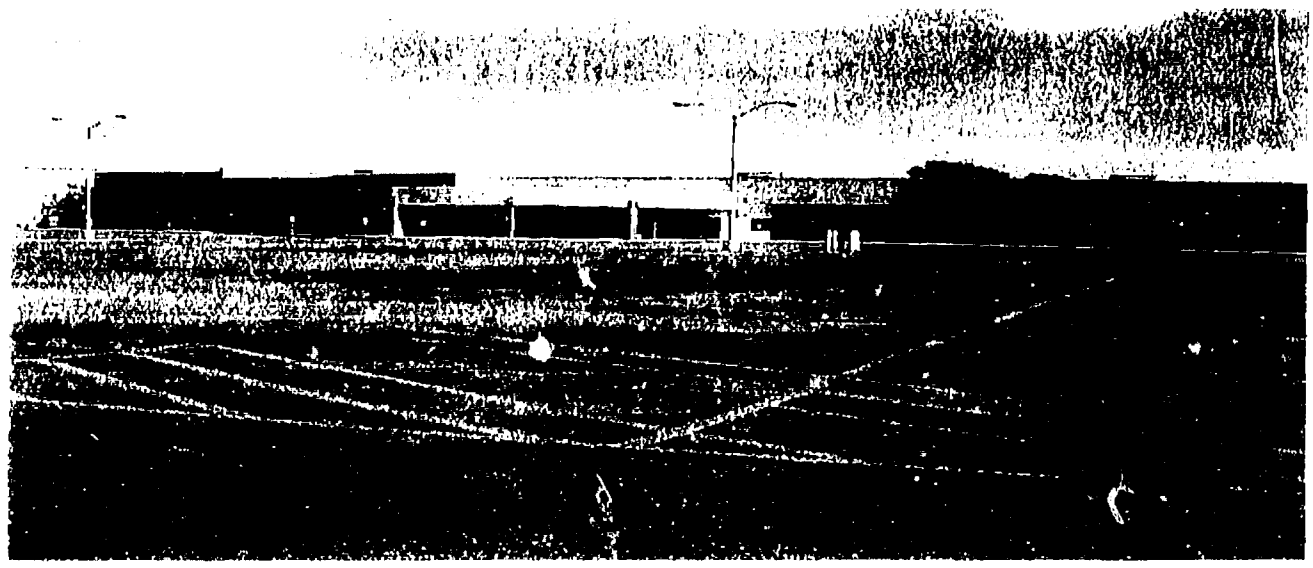
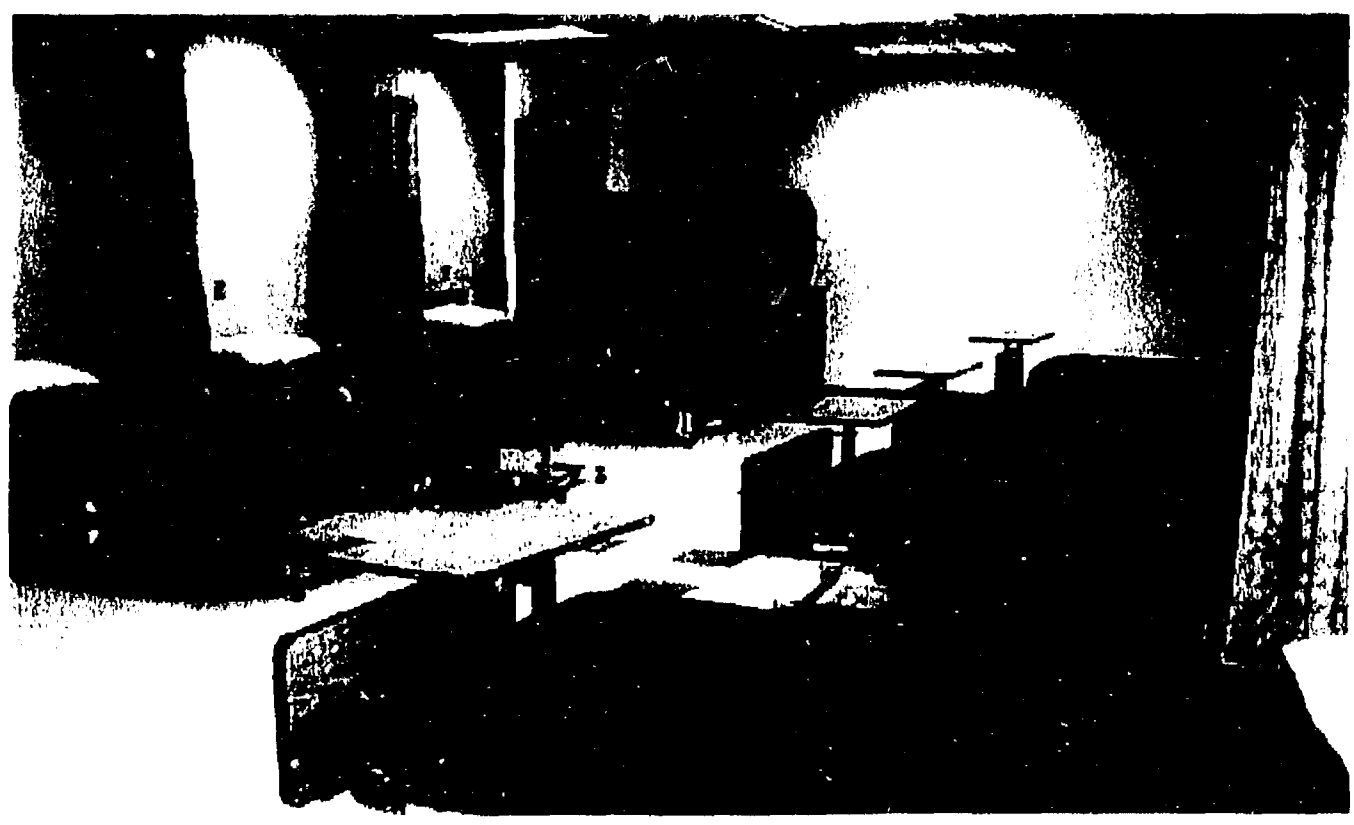
Skills & Technology Training Center (STTC)



Allied Health's Clinical Lab $385,000 Grant



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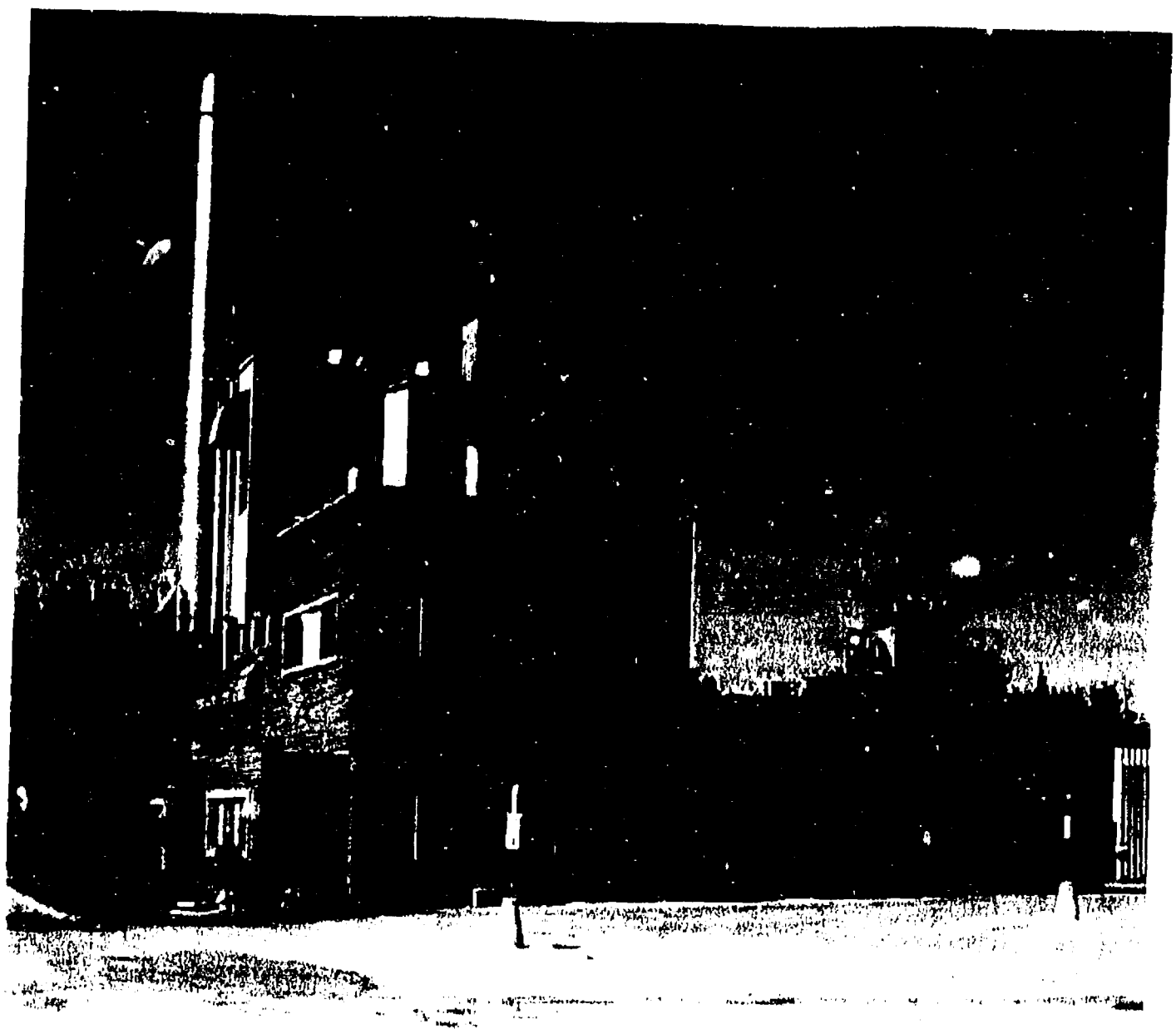

The campus is now burning coal. This is estimated to save $139,000 for the biennium.

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Date

Hold-Even Budget

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Hold-Even Budget

State General Funds

Estimated Cost to Continue FY03 Legislative Funded Salary Increases	**$156,905**
Total Estimated Cost of 2.5%/yr Operating Inflation	**$283,604**
Total Estimated Health Insurance Increases (20.43%)	**$412,426**
Estimated Cost of 2% per year For Compensation Package (Salaries for 03-05)	**$539,519**
Total Funds Needed	**$1,392,454**

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Program Reduction

Elimination of Services

Program Fees

Enrollment Growth

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Needs-Based Budget

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Needs-Based Budget

Parity Funding	**$1,592,420**
Equity Funding	**$89,372**
Total Funds Requested	**$1,681,792**

Parity funding would be used to fund the cost to continue for FY03-05, operating inflation, total health insurance (increased form 16% to 20%), and cost of 3% per year for compensation package (salaries for 03-05)

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Major Capital Request

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The North Dakota State College of Science (NDSCS) is asking that the following Capital Projects be funded for the 2003-05 biennium (Horton Hall). The Board of Higher Education (BHE) has approved the Horton Hall Project.

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Horton Hall Remodel:

NDSCS has received $59,000 in pre-planning funds for the proposed renovation of Horton Hall. The funds are part of a revolving account maintained by the State Facility Planner. If the project is approved, the pre-planning funds would be discounted from the amount appropriated for the renovation. If funding for the project is not secured, NDSCS does not have to repay the fund.

The funding was used to retain professional services for preliminary planning and design. The services included developing a program for the future use of the building to include rendered drawings of the proposed "solution". The architectural firm was asked to represent NDSCS in presentation of the renderings and space usage to governing bodies. This initial phase of the planning was completed July 31, 2002.

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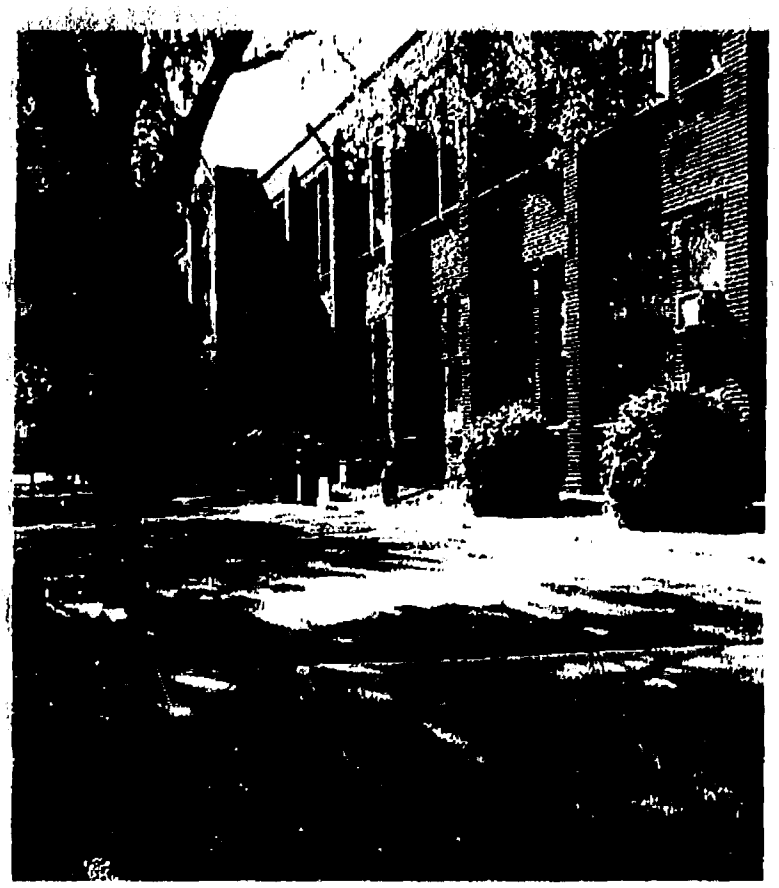
9/30/03
Date

Horton Hall (Built in 1927)



This project has been identified as the college's number one priority in terms of capital improvements for the 2003-2005 biennium

Preliminary Cost Estimates

Horton Hall has 54,934 gross square feet. Estimated cost based on $70-75/sf. is $3,845,380--$4,100,000

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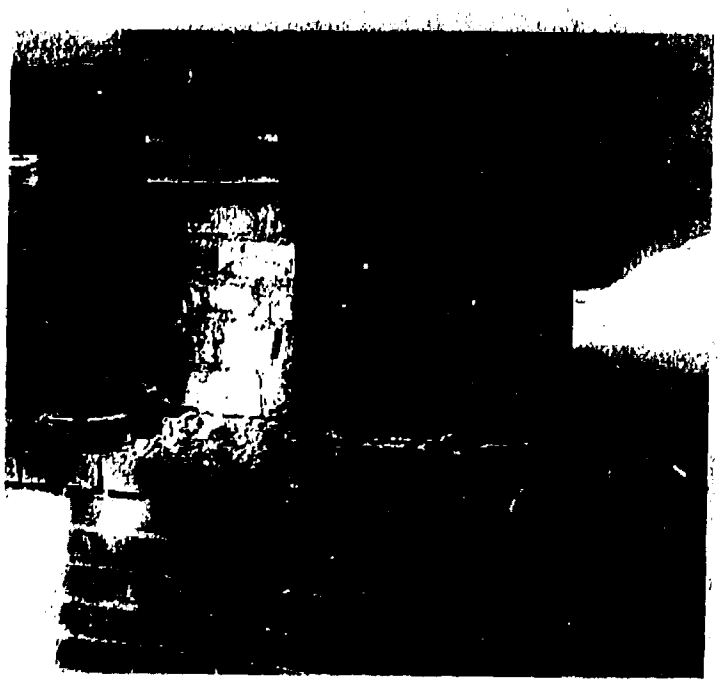
West Side of Horton Hall



North Side of Horton Hall

In 2000, NDSCS committed $150,000 for tuck pointing and new window sills for Horton Hall. The above pictures show what poor shape Horton Hall was in. It is on the top of our list in the physical development building master plan.



Funds were requested for Horton Hall during the last biennium request. However, it was not the number one priority of the college and did not get funded.

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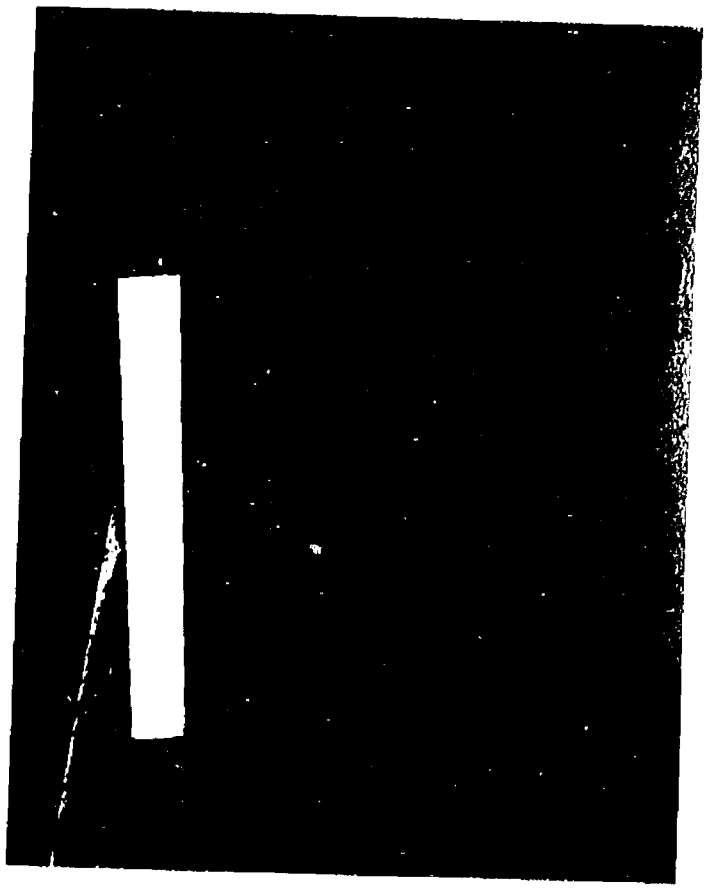

The primary problems associated with the building center around indoor air quality, inadequate access for the handicapped, unsafe stairways, egress issues, and water infiltration through the foundation walls.

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The building does not have a central air handling system for either heating or cooling. Heating is accomplished through steam radiation and cooling is only partially accomplished through small window units. Managing the indoor air quality of the building is essentially impossible as the facility does not have either drain tile or centralized air handling. There are numerous indoor air quality complaints on file and we have essentially moved all functions out of the basement due to the air quality and water migration.

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9/30/03
Date



STUDENT UNION

THE UNION IS OVER THIRTY YEARS OLD. IT NEEDS A FACELIFT. PLANS HAVE BEEN DEVELOPED TO UPDATE THE UNION. THIS WILL BE A LOCALLY FUNDED PROJECT.
ESTIMATED COST is $3,300,000

Funding Student Fees	**$2,000,000**
Foundation	**$1,000,000**
Local Funds	**$300,000**

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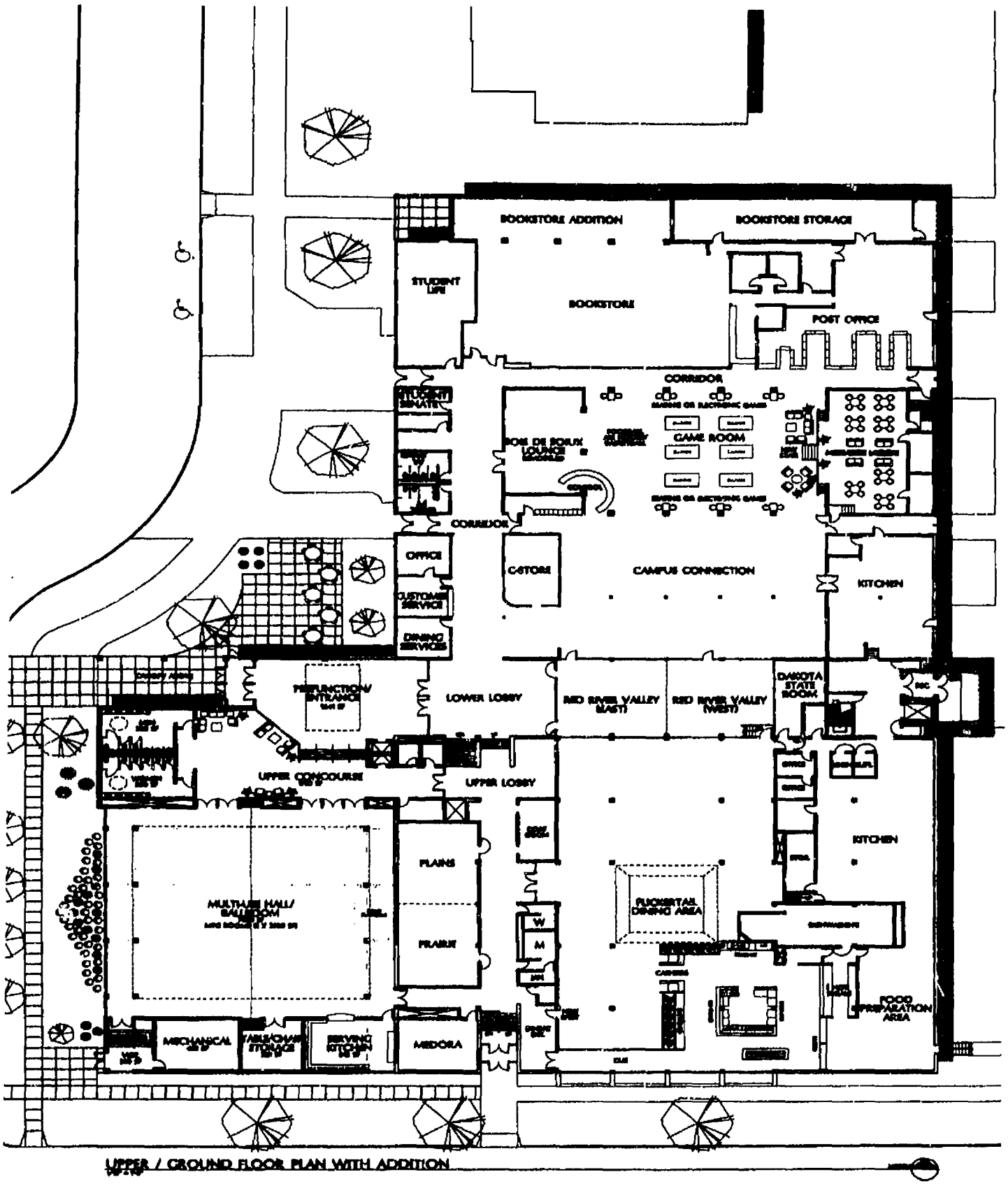

UPPER / GROUND FLOOR PLAN WITH ADDITION

STUDENT CENTER ADDITION AND REMODELING

Wahpeton, ND

Mutchler Bertram Architects

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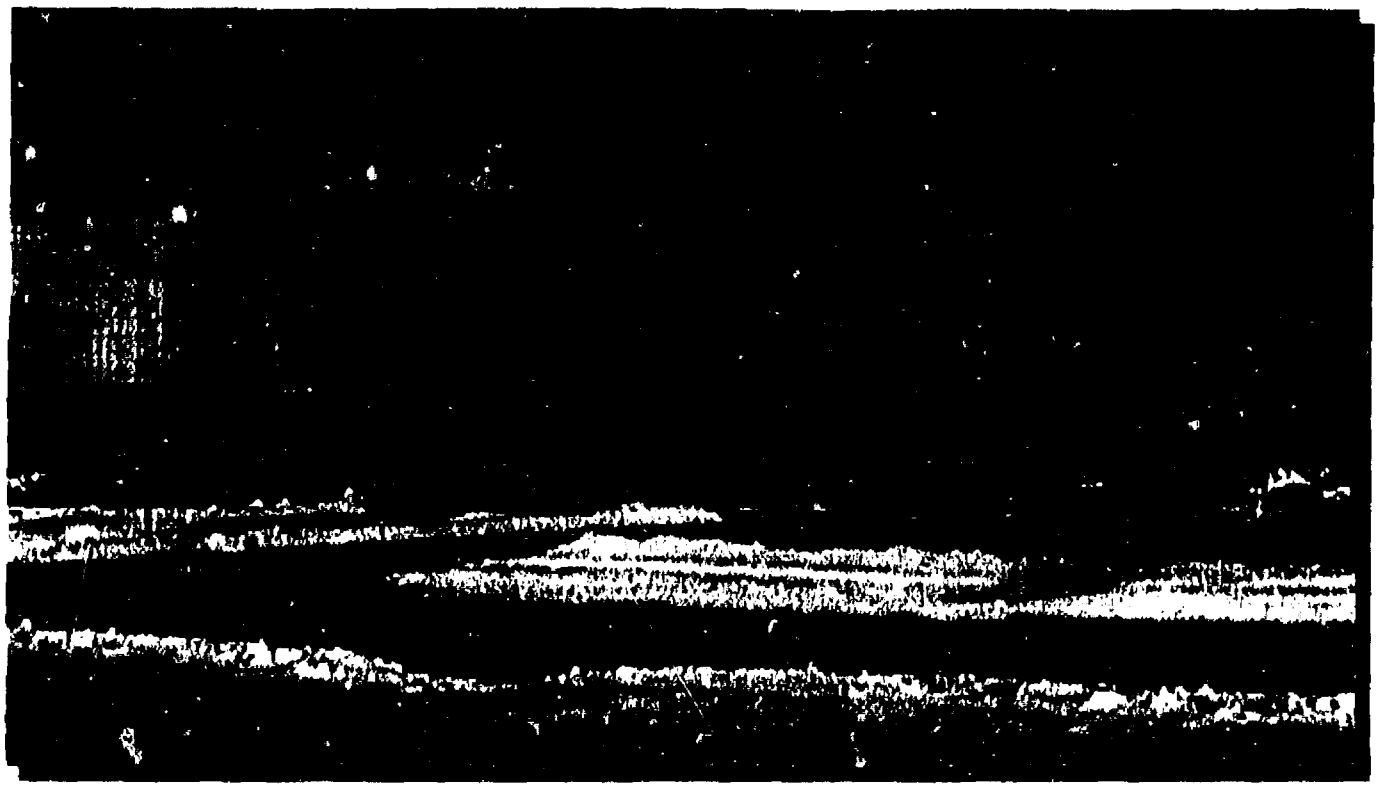

Blikre Activities Center
BUILDING ADDITION

New East Entrance Foyer	
New Storage Room	
New Catbacker Booster Room	
3,072 SF @ $110.00 / SF	$337,920
Site Work Allowance	$ 10,000
SUBTOTAL	$347,920
A/E Fees (est.)	$ 21,000
TOTAL ADDITION	**$368,920**

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9/30/03
Date

The Claire T. Blikre Activities Center Addition / Arena Flooring Project at North Dakota State College of Science includes the following:

New Entrance Foyer

- Current main entrance is not adjacent to parking. The new entrance will be directly accessible from the east parking lot. Plans include associated sitework adjacent to the entrance at the parking lot.

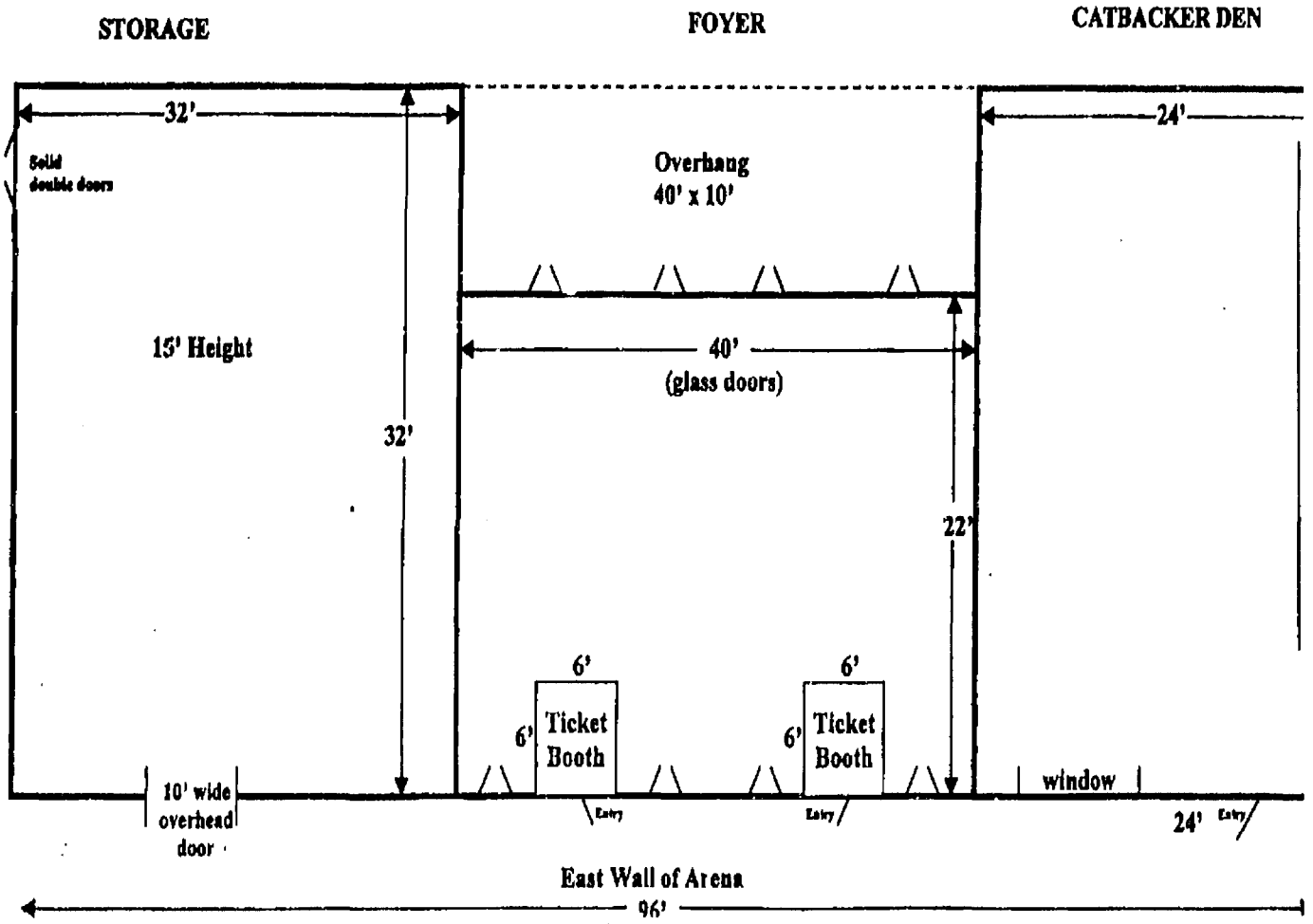
Storage Room

- Primary use will be for storage of a new portable wood basketball floor system.

Catbacker Den (Booster Club Room)

- Meeting Room / Lounge environment for booster club activities.

EAST PARKING LOT



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9/30/03
Date

Exhibit #6 second day



58TH LEGISLATIVE ASSEMBLY

SENATE APPROPRIATIONS COMMITTEE

Ray Holmberg - Committee Chairman

Bill L. Bowman - Vice Chairman

Tony S. Grindberg - Vice Chairman

House Bill 1003

MARCH 3, 2003

with the exception of the following pages same testimony given to Senate as House

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Partnerships at NDSCS	29
Hold-Even Budget	43
Needs-Based Budget	47
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Operator's Signature Date



Presented

By Dr. John Richman, NDSCS Vice President of Instruction and Mike Renk Vice President Administrative Affairs

Goals of the College

1. Focus the entire institution on Student Learning and Development.

2. Improve processes for increasing enrollment and enhancing marketing.

3. Develop a revenue-generating process to address priority needs.

Centennial

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9/30/03
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Examples of Types of Training Provided

- Technical
  - –Manufacturing (ISO, welding, blueprint reading, machining, etc.)
  - –John Deere Dealership Service & Parts
  - –Electrical, Electronics, PLC's
  - –AutoCAD
  - –Automotive/Truck
  - –Refrigeration
- Information Technology (IT)
  - –Basic, Intermediate & Advanced Software
  - –Networking
  - –Certification
- Service/Teamwork/Management
  - –Customer/quality service
  - –Personal dynamics/working with others
  - –Time management
  - –Management/Supervision
  - –Developing positive attitudes

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Performance Measure Results for FY 01-02

	2000-2001	2001-2002
Number of businesses receiving training	751	737
Number of employees trained	2403	2335
Number and % of businesses repeating training	211 (28%)	332 (45%)
Levels of satisfaction -employers -employees	 Over 90% Over 90%	 100% 99%
Referrals to other providers Requests from other providers	7 13	14 2
Training fee revenues	$706,592	$777,921

SOUTHEAST WORKFORCE TRAINING BOARD

Jim Roers, Chairperson Roers Development/Construction	Fargo
Tom Shorma, Vice Chairperson WCCO Belting	Wahpeton
Dave Ekman Corporate Technologies	Fargo
Erik Olson Case New Holland	Fargo
Wade Hannon ND AFL-CIO	Fargo
Keith Hovland John Deere Seeding Group	Valley City
Lee Kaldor ComMark, Inc.	Mayville
Dorry Larson Dakota Nation Gaming Enterpris	Hankinson
Kim Lunde Glenmac	Jamestown
Jim Johnson US Bank Corp. Service Center	Fargo
Don Pratt Butler Machinery	Fargo
Marilee Tischer Imation	Wahpeton
Mark Wolter Magnum	Fargo

33B

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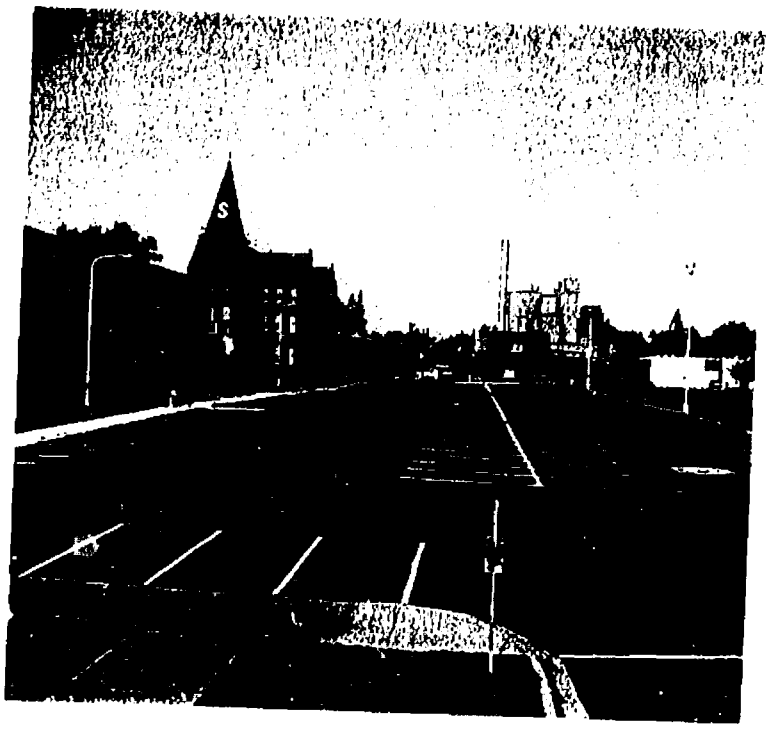
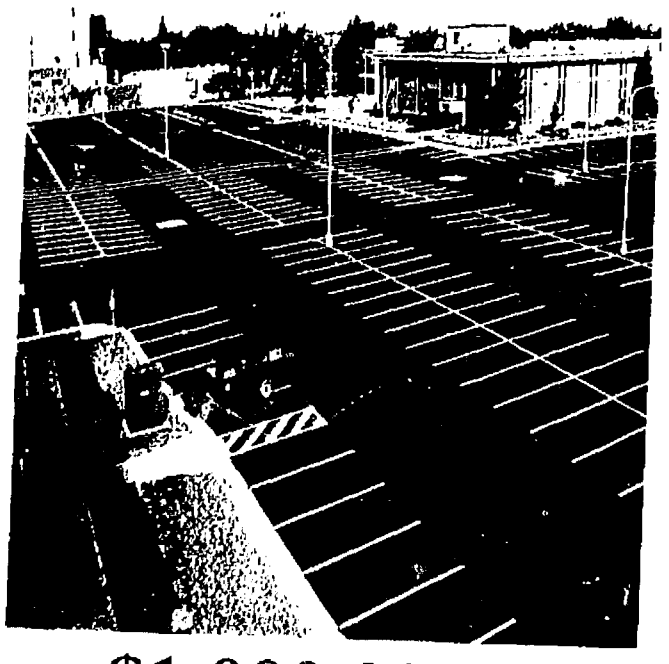
9/30/03
Date

Parking Lot# 2









$1,000,000 Bond paid by Student And Employee Fees

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Victoria Richford 9/30/03

Operator's Signature Date

[redacted] Even Budget	
[redacted] State General Funds	
Estimated Cost to Continue [redacted]	
[redacted] Legislative Funded	
Salary Increases	**$156,905**
Total Estimated Cost of 2.5%/yr	
Operating Inflation	**$283,604**
Total Estimated Health Insurance	
Increases (20.43%)	**$412,426**
Estimated Cost of 2% per year For Compensation Package	
(Salaries for 03-05)	**$539,519**
Sub-Total Funds Needed	**$1,392,454**
House Reduction HB 1003	**$472,411**
Total Funds Needed	**$1,864,865**

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Program Reduction

Elimination of

Services

Program Fees

Enrollment Growth

Tuition Increase

(15%)

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Exhibit #5
2nd day

Program Costs

Vo-Tech/Lab Programs vs. Liberal Arts Classroom Programs (1.0)

	Primary Drivers			
	Dedicated Lab Space	Specialized Equipment	Small Class Size	High Operating Cost
1.25 MORE				
Generally includes courses from the following curriculums:				
* Accounting			X	
* Banking & Financial Services			X	
* Business Management			X	
* Health Information Technician (Formerly Medical Records)			X	
1.50 MORE				
Generally includes courses from the following curriculums:				
* Architectural Drafting & Estimating Technology	X	X	X	
* Agriculture	X	X	X	
* Civil Engineering & Surveying Technology	X	X	X	
* Cooling & Heating Service	X	X	X	
* Office Administration (Formerly Secretarial)	X	X	X	
* John Deere Ag Parts Marketing/Mgmt.	X	X	X	
* Mechanical Drafting & Design Technology	X	X	X	
* Mental Health Care Associate			X	X
* Pharmacy Technician	X	X	X	
1.75 MORE				
Generally includes courses from the following curriculums:				
* Auto Body Repair & Refinishing Technology	X	X	X	X
* Automated Manufacturing Technology	X	X	X	X
* Automotive Technology	X	X	X	X
* Auto & Diesel Master Technician	X	X	X	X
* Building Construction Technology	X	X	X	X
* Computer Information Systems	X	X	X	X
* Culinary Arts	X	X	X	X
* Dental Assisting	X	X	X	X
* Dental Hygiene	X	X	X	X
* Diesel Technology	X	X	X	X
* Electrical Technology	X	X	X	X
* Electronic Technology	X	X	X	X
* Graphic Arts Technology	X	X	X	X
* John Deere Ag Tech	X	X	X	X
* Machine Tooling Technology	X	X	X	X
* Occupational Therapy Assistant	X	X	X	X
* Plumbing	X	X	X	X
* Practical Nursing	X	X	X	X
* Recreational Engines Technology	X	X	X	X
* Refrigeration & Air Conditioning	X	X	X	X
* Welding Technology	X	X	X	X

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LaCosta Rickford
Operator's Signature

9/30/03
Date

Produced by: John Clark (303) 497-0306
Date: 7/2001

Part 1 Part 2

UNITID	Institution	Total FTES	Total Headcount	Percent Part-time Headcount	Percent Minority Headcount	Full-time Faculty Headcount	Percent Certificates
218858	CENTRAL CAROLINA TECHNICAL COLLEGE	1,358	2,356	63.5	43.0	67	42.4
153472	INDIAN HILLS COMMUNITY COLLEGE	2,744	3,375	28.1	4.4	125	27.2
200306	NORTH DAKOTA STATE COLLEGE OF SCIENCE	2,322	2,469	9.0	4.0	143	18.7
142443	NORTH IDAHO COLLEGE	2,663	3,520	36.5	5.5	142	19.7
173115	NORTHWEST TECHNICAL COLLEGE-BEMIDJI	3,343	4,128	81.1	0.0	187	54.0
207564	OKLAHOMA STATE UNIVERSITY-OKMULGEE	1,859	2,286	26.9	25.4	130	0.3
175041	ST PAUL TECHNICAL COLLEGE	2,265	4,227	69.6	0.0	91	75.4
196006	SUNY COLLEGE OF TECHNOLOGY AT ALFRED	2,731	2,840	5.7	7.9	141	2.3
196015	SUNY COLLEGE OF TECHNOLOGY AT CANTON	1,807	2,078	19.6	13.4	77	9.6
229319	TEXAS STATE TECHNICAL COLLEGE-HARLINGEN	2,306	3,311	45.5	88.1	141	53.0

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9/30/03
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Data Source: NCHEMS NCES IPEDS Surveys
Produced [illegible]nda Keep (303) 497-0314
Date: [illegible]2001

Part 2

UNITID	Institution	Total FTES	Total Headcount	Percent Part-time Headcount	Percent Minority Headcount	Full-time Faculty Headcount	Percent Certificates
138558	ABRAHAM BALDWIN AGRICULTURAL COLLEGE	2,015	2,501	29.1	16.2	107	0.4
200022	BISMARCK STATE COLLEGE	2,116	2,594	27.6	3.2	87	21.8
173203	CENTRAL LAKES COLLEGE-BRAINERD	2,187	2,850	34.8	1.4	97	50.7
175643	EAST CENTRAL COMMUNITY COLLEGE	1,700	2,077	27.2	34.7	82	16.6
153445	HAWKEYE COMMUNITY COLLEGE	3,322	4,158	30.2	9.6	120	25.4
153922	IOWA VALLEY COMMUNITY COLLEGE DISTRICT	1,534	2,025	36.3	9.8	76	17.1
142443	NORTH IDAHO COLLEGE	2,663	3,520	36.5	5.5	142	19.7
101736	NORTHWEST SHOALS COMMUNITY COLLEGE-MUSCLE SHOALS	2,406	3,235	38.5	15.4	75	37.5
175236	RIDGEWATER COLLEGE	2,466	3,043	28.5	3.9	124	35.3
196015	SUNY COLLEGE OF TECHNOLOGY AT CANTON	1,807	2,078	19.6	13.4	77	9.6

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9/30/02
Date

Commit resources to benefit all of our students

Editor:

The citizens of North Dakota should be alarmed if the North Dakota College of Science is not continued as a trade and technical school.



Science has been unique in the education it has offered.

For more than 70 years it has filled a particular niche in the plan for higher education in North Dakota.

It was proud to be a trade school years ago when other schools were shunning the idea. It has fulfilled its mission of top notch training in the trade and technical fields.

The suggestion that NDSCS should become a liberal arts transfer college is devastating.

With the number of liberal arts colleges in the area, it is difficult to see how this type of institution can be justified or approved by the N.D. State Board of Higher Education.

NDSCS is not a "community college," it is a "state college" established in the original constitution of the State of North Dakota as one part of the entire college system.

Its' educational opportunities must be of benefit to students throughout the entire state.

The present trade and technical classes have enrollments from every part of North Dakota.

Money is ever a problem. It is important to commit resources where they will be most effective for North Dakota and all of its students.

2-21-03 WDP DAILY NEWS

Mildred Johnson,

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LaCosta Rickford 9/30/03

Operator's Signature Date

Prepared by the North Dakota Legislative Council
staff for House Appropriations
January 13, 2003

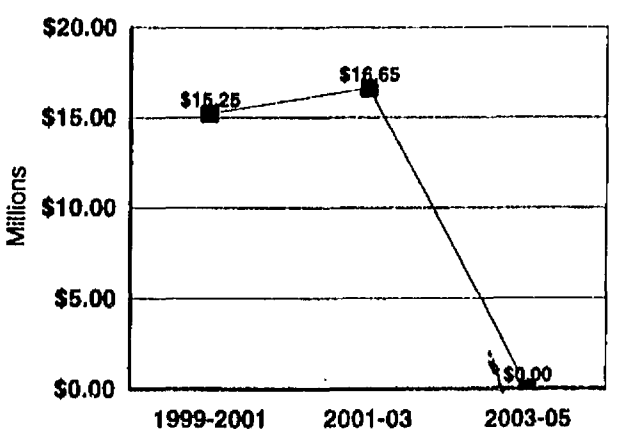
Department 227 - Bismarck State College
House Bill No. 1003

	FTE Positions	General Fund	Other Funds	Total
2003-05 Executive Budget	0.00	$0	$0	$0
2001-03 Legislative Appropriations	144.78	16,646,887[1]	0	16,646,887[2]
Increase (Decrease)	(144.78)	($16,646,887)	$0	($16,646,887)

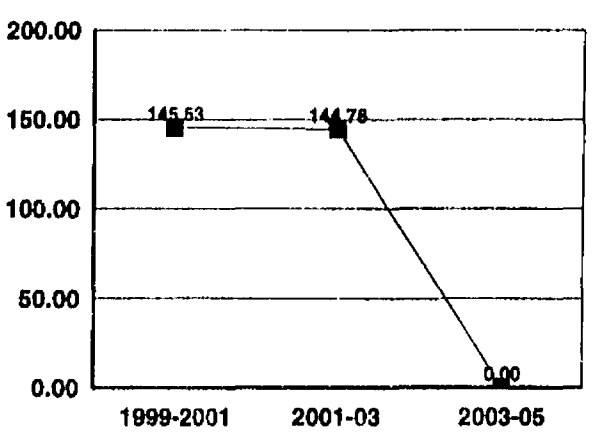
[1] The 2001-03 general fund appropriation is the amount appropriated by the 2001 Legislative Assembly and does not include a reduction of $176,262 relating to the 1.05 percent budget allotment ordered by Governor Hoeven in July 2002.

[2] The 2001-03 appropriation amounts include a general fund allocation of $419,694 from the equity and special needs funding pool. The 2001-03 appropriation amounts do not include general fund allocations of $140,000 from the equity and special needs funding pool considered to be one-time funding for the 2001-03 biennium.

Agency Funding - General Fund



FTE Positions



Executive Budget Highlights

	General Fund	Other Funds	Total
1. Consolidates funding for all higher education institutions into the University System office budget	($16,646,887)		($16,646,887)

Major Related Legislation

House Bill No. 1039 - Special funds continuing appropriation - This bill provides for the continuation of the continuing appropriation of higher education institutions' special revenue funds, including tuition.

House Bill No. 1040 - Unspent general fund appropriations - This bill provides for the continuation of the University System's authority to carry over at the end of the biennium unspent general fund appropriations.

House Bill No. 1041 - Budget request and appropriation - This bill continues the requirement that the budget request for the University System 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. The bill also continues the requirement that the appropriation for the University System include block grants for a base funding appropriation and for an initiative funding appropriation and an appropriation for asset funding.

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Exhibit #2

Work Force
(June 2002)

Full time	
Faculty	105
Staff	130
Subtotal	**235**
Part time	
Faculty	104
Staff	73
Students	103
Subtotal	**280**
Total	**515**

Wages and Benefits
(Fiscal Year 2002)

Faculty, Staff and Students

Total Compensation **$12,056,000**

Capital Assets

Land			100 acres
Buildings:			
	No.	Gross Sq. Ft.	Value
Academic	6	332,881	$29,049,600
General	1	71,300	3,073,900
Auxiliary	2	43,568	3,367,000
Other	6	7,596	183,800
Equipment			$2,200,400
Library resources			$2,355,800
Total			**$40,230,500**

For more information about Bismarck State College or additional copies of this document, contact the President's Office, P.O. Box 5587, Bismarck, ND 58506-5587, or call (701) 224-5431. BSC is an equal opportunity institution.

Bismarck State College

Bismarck State College, the fourth largest college in the N.D. University System, is a comprehensive community college providing student-centered learning in these areas:

- Transfer - Students can complete their first and second years of study toward a bachelor's degree. Courses are available for more than 40 majors. Students earn an associate in arts or an associate in science degree.
- Technical - Students can choose from more than 30 programs that prepare them for entry-level placement in specific careers. Completion of course work leads to a program certificate, program diploma or an associate in applied science degree.
- Online Education - BSC offers six programs and more than 100 courses online.
- Corporate and Continuing Education - This division of the college provides workforce training for business and industry, computer training, conference coordination, professional development programs and personal enrichment courses.
- Several bachelor's degree and graduate programs are offered on campus in cooperation with other N.D. University System institutions.

Student Statistics
(Fall 2002)

Total credit enrollment	**3,168**
Men	51%
Women	49%
North Dakota residents	89%
Burleigh/Morton County residents	59%
Age 25 or older	31%
Live on campus	7%
Live off campus	93%
Enrolled in 1 or more online classes	24%

BISMARCK STATE COLLEGE

BSC

Fiscal Year 2002

Bismarck State College
Economic Impact

Summary of Direct Economic Impact

Bismarck State College significantly impacts the economy of Bismarck-Mandan and the area. The college, its students and its employees contribute to the economy in several ways: creating jobs, strengthening the tax base, and expanding the credit base of the community.

BSC's economic presence creates an estimated 5981 secondary jobs outside the college. Secondary jobs are the employment opportunities required by local businesses to support the presence of the college, its students and employees.

For the fiscal year ended June 30, 2002, the college injected $20.6 million into the economy. Using an economic multiplier factor of 2.87 developed by North Dakota State University, BSC's direct spending generated a total annual economic impact of $57.9 million.

Economic calculations are based on the North Dakota Input Output Model developed and used by agricultural economists at North Dakota State University. The multiplier is a statistical measure that shows the effect of local business sales through the economy. More specifically, the total impact of each dollar spent

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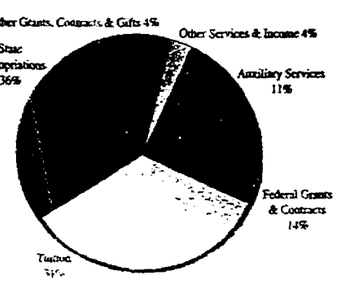
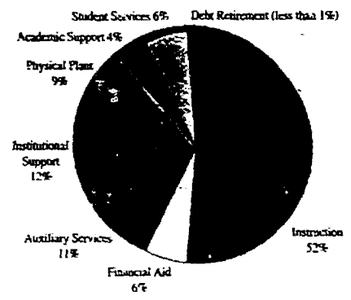
Income



Tuition	$6,355,200
State Appropriations *(operating)*	7,513,400
Federal Grants & Contracts	2,925,400
(training, financial aid)	
Other Grants, Contracts & Gifts	836,000
(vocational education, private)	
Auxiliary Services	2,248,300
(food service, housing, bookstore)	
Other Services & Income	823,300
(Corporate & Continuing Education, application fees, investment income)	
Total Income	**$20,701,600**

Expenses



Instruction	$10,747,200
(faculty salaries, equipment)	
Academic Support	876,300
(vice-president, dean, library)	
Student Services	1,142,400
(admissions, financial aid, counseling, registrar)	
Institutional Support	2,4[illegible]0
(president's/business office, information technology)	
Physical Plant	1,874,000
Financial Aid	1,189,700
Auxiliary Services	2,353,100
(food service, housing, bookstore)	
Debt Retirement *(interest)*	64,300
Total Expenses	**$20,696,900**
Multiplier	x 2.8*
Direct Economic Impact of	**$57.9 Million**

Direct Annual Economic Impact of $57.9 Million

Summary of Indirect Economic Impact

Beyond its direct economic impact, Bismarck State College has an indirect economic impact on the community as well. Some indirect factors include:

- *student* spending of $15.3 million for board, room, and personal expenses.
- *participant* spending of approximately $966,000 by those who travel here to attend continuing education programs.
- *visitor* spending for cultural, athletic and other events on campus.

When the same economic multiplier of 2.8 is applied to the $16.3 million spent by students and participants, BSC generated $45.7 million in indirect economic impact.

Student Spending

Ni[illegible]onth estimated budget on campus

Tu[illegible]and fees	$2,272
Room and board	3,100
Books	750
Personal expenses	2,750
Total	**$8,872**

Nine-month estimated budget at home

Tuition and fees	$2,272
Room and board	1,500
Books	750
Personal expenses	2,750
Total	**$7,272**

According to figures from the BSC Financial Aid Office, the average student living on campus spends an estimated $2,750 on personal expenses. (BSC houses 214 students for a total of $588,500.)

The 2,530 students who live off campus spend an estimated $5,850 each for board, room and personal expenses, totaling $14,800,500. Adding the expenses of on- and off-campus students, living expenses of students amount to approximately $15,389,000.

Participant Spending

The BSC Division of Corporate and Continuing Education provides life-long learning opportunities for citizens in this area and for some state and regional conferences.

During the 2001-2002 academic year, 27,537 people attended programs and seminars sponsored by BSC. Of that number, 2,792 traveled from out of town and stayed more than one day. The average stay was 2.3 nights. The Bismarck-Mandan Convention and Visitors Bureau estimates that an overnight convention visitor spends $150.45 per day in the community, for a total of approximately $966,130.

Visitor Spending

Throughout the year, the college hosts many events for elementary and secondary students, such as music and speech festivals, crop and livestock judging contests, Science Olympiads, and athletic camps. These events bring thousands of people to Bismarck-[illegible]dan from throughout the state, some involving overnight stays.

[illegible]ndirect Annual Economic Impact of $45.7 Million

Bismarck State College

BISMARCK STATE COLLEGE
BSC

- House Appropriations Committee
- Education & Environment Division
- January 15, 2003

1

Overview of BSC

Donna S. Thigpen
President
Bismarck State College
Donna.Thigpen@bsc.nodak.edu
224-5430

See March 3 presentation for 2nd pages
Missing here
Same data presented to Senate and House

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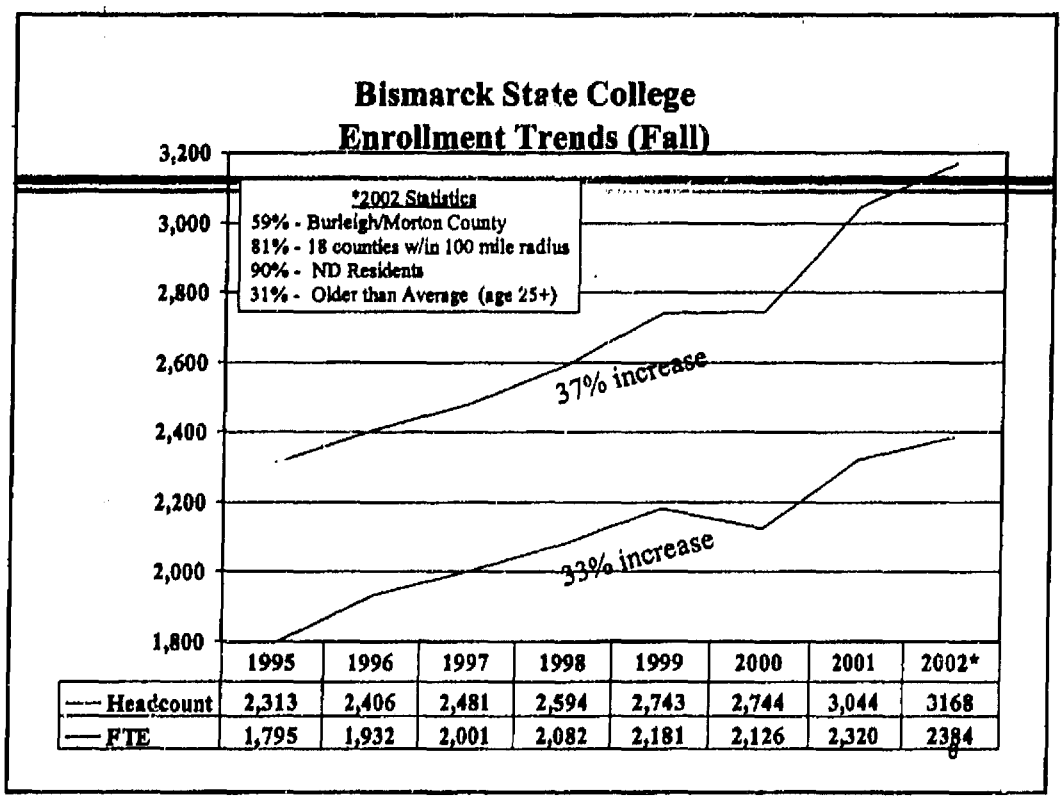
9/30/03
Date

Enrollment Information

- Headcount enrollment Fall 02 – 3,168
  - Increase of 37% since Fall 1995 – 855 students
- FTE – 2,384
  - Increase of 33% since Fall 1995 – 589 students
- This does not include 700-800 students on campus through collaborative programs



	1995	1996	1997	1998	1999	2000	2001	2002*
Headcount	2,313	2,406	2,481	2,594	2,743	2,744	3,044	3168
FTE	1,795	1,932	2,001	2,082	2,181	2,126	2,320	2384

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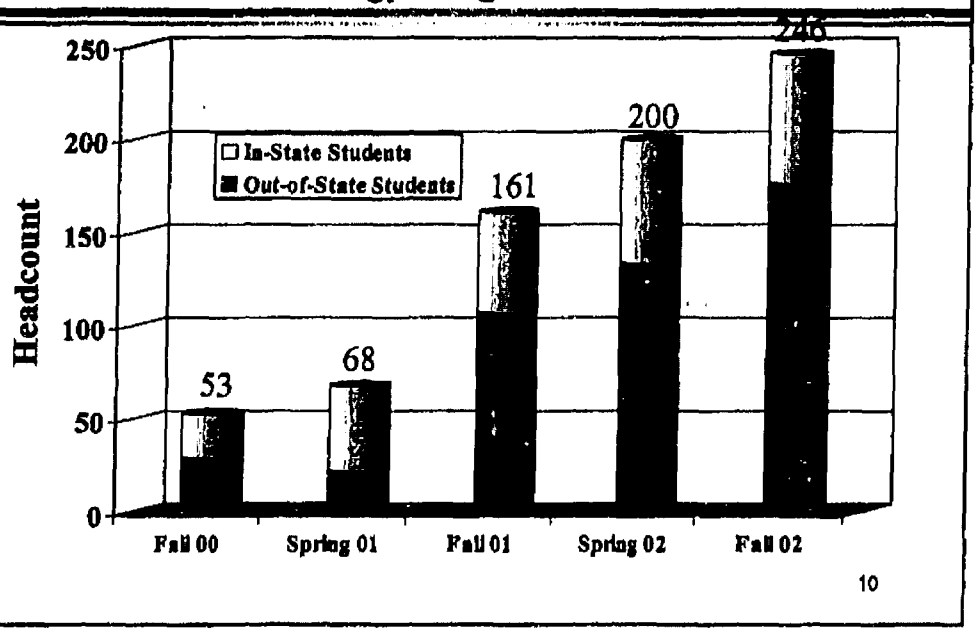
Online Enrollment Fall 2002

- Distance Education – Online Classes
  - 60 students enrolled in 6 classes Fall 1998
  - 746 students enrolled in Fall 2002
    - 432 enrolled only in online classes
    - 314 enrolled in online and on-campus classes
  - Increased by 259 students or 53% from Fall 2001 to Fall 2002

9

Bismarck State College
Online Energy Program Enrollments



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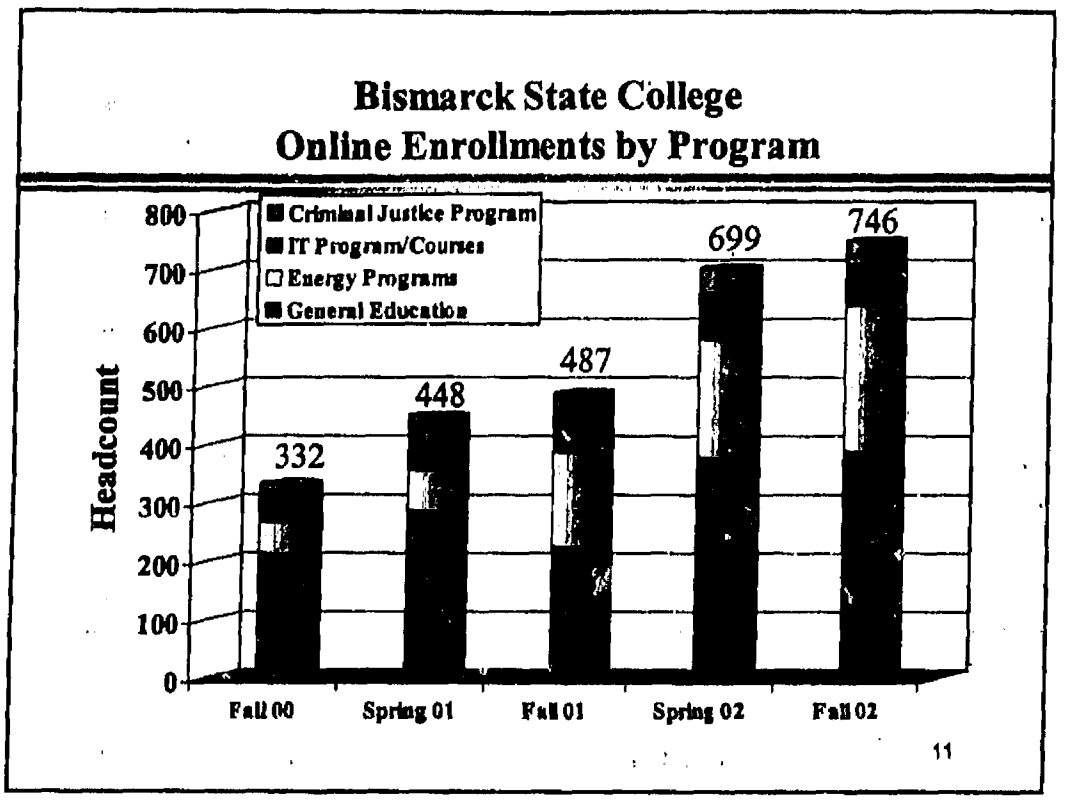

Corporate & Continuing Education Numbers

- More than 9,200 people served in FY2002
  - Workforce training for business and industry
    - 2,787 individuals from 350 businesses in Southwest Workforce Training Region received training in FY02

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9/30/03
Date

Budget Presentation

Dave Clark
Vice President of Operations and
Corporate & Continuing Education
David.Clark@bsc.nodak.edu
224-5434

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Status of 2001-03 Budget

- Tuition collections on target
- Received $420,000 equity allocation from NDUS block grant
  - Result of long-term finance plan and resource allocation model
- Received $140,000 campus initiative allocation from NDUS block grant
  - Earmarked for Electrical Transmission Systems Technology Program

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2003-05 Budget Information
Issues Facing BSC

- Space needs
  - 37% enrollment increase in 7 years
  - Collaborative programs growing
    - Additional 700-800 students on campus
  - Some Voc-Tech program enrollments are capped due to lack of space

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Needs Based Budget Request

- Costs to continue $1.2 million
- Equity funding $3.6 million
- Capital asset funding $.4 million
- TOTAL request $5.2 million

- Cost to continue funding for 03-05 includes operating inflation, total health insurance, and 3% per year for salary increases

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BSC Hold Even Budget Request

- 2003-05 Costs to Continue Operations
  - FY03 salary increase continuation - $117,500
  - FY04 & FY05 operating inflation at 2.5% per year - $233,400
  - 16.84% increase in health insurance - $266,700
  - 2% per year salary increases - $400,400

21

Hold Even Budget Request, cont.

- Internal reallocations and reductions
  - Operating budget reductions of $289,000
    - Significant travel cuts affecting faculty and staff development
    - Overall operating budget reduction of 3.9%
  - Possible program reduction and elimination of services - $108,200

22

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2003-05 Governor's Budget Recommendation

- Funds hold even budget request
- Provides $299.4 million for campus operations in NDUS grant pool
  - BSC's share based on current budget is $15.8 million
- Provides $2.96 million for major capital projects in NDUS grant pool
- Provides $6.93 million for extraordinary repairs in NDUS grant pool
  - $76,000 more for NDUS compared to current campus budgets
  - BSC's share based on current budget is $250,000

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2003-05 Governor's Budget Recommendation, cont.

- Due to health insurance costs increasing to 20.43% instead of 16.84% in our hold even budget request, BSC will need to absorb an additional $58,757 in 2003-05 budget

24

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9/30/03
Date

2003-05 Governor's Budget Recommendation, cont.

- Two new initiatives could benefit BSC and are funded from Bank of ND Student Loan Trust Fund
  - $5,000,000 for Centers of Excellence
    - BSC Energy Center a prime candidate
  - $2,000,000 for student internships
    - Supports students entering growth industries that have critical employment shortages
- Provides $20 million of bonding authority for ConnectND

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Tuition & Fee Implications

- FY04 tuition increase of 11%
- Approximately $200/yr increase for full-time students taking 15 credit hours
- Program fee increases
- FY05 tuition increases will be determined later, depending on enrollment change

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BSC Budget Priorities

- Support the 2003-05 Executive Budget recommendation for NDUS at a minimum
- Support the flexibility with accountability legislation introduced by the Interim Higher Education Committee
- Support block grant/pooled appropriations to SBHE

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BSC Budget Priorities, cont.

- If additional funds become available
  - Support funding costs to continue operations
  - General fund support of ConnectND
  - Sustain all currently funded students in student grant/access programs
  - State bonding or general fund support for capital projects

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Long-term Finance Plan and Resource Allocation Model

- BSC strongly supports the plan because:
  - Allocation to campuses based on SBHE long-term finance plan
  - Use of model does not commit additional legislative appropriations
  - Encourages diversification of revenues and resource development
  - Holds campuses accountable
  - Provides flexibility to allocate resources
  - Only increased state general fund appropriations are allocated to parity (no more than 80%) and equity (no less than 20%)

29

Plant Improvements

- BSC currently is appropriated $250,000 for extraordinary repairs
- Approximately 36% is spent on special assessments, leaving a balance of $160,000 for two years
  - This is minimal amount for growing campus infrastructure

30

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9/30/03
Date

BSC Accomplishments 2001-02

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- Energy programs featured in three national magazines and a trade electronic publication
- Phoenix Program received national Bellwether finalist award and 2002 Model Program Award from American Association for Women in Community Colleges
  - Program prepares women for nontraditional high-wage careers

37

BSC Accomplishments 2001-02

- Computers integrated into curriculum in nearly all programs to improve learning
  - About 500 computers on campus for student use
- Continue to upgrade classrooms to "smart classrooms"
  - Faculty in each classroom building have access to technologically advanced audio and visual presentation equipment
- Piloting program on "Smarthinking"
  - Online tutoring and academic support

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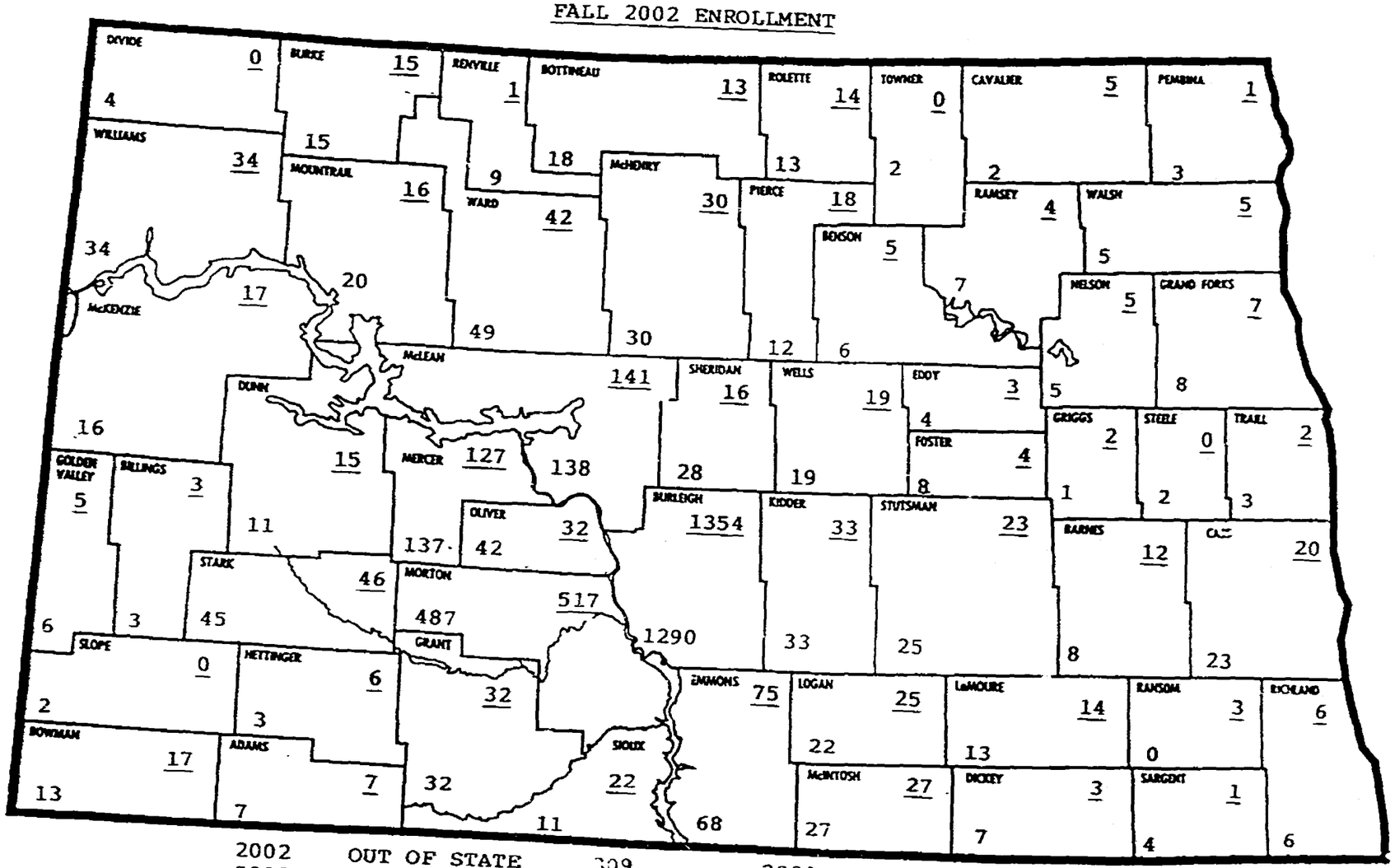
Date

BISMARCK STATE COLLEGE

FALL 2002 ENROLLMENT



2002	OUT OF STATE	309	2001	OUT OF STATE	240
2002	FOREIGN	15	2001	FOREIGN	18
2002	TOTAL	3168	2001	TOTAL	3044

** Numbers typed in the lower left corner of each county are for 2001.

Exhibit #1
2nd day

Bismarck State College

BISMARCK STATE COLLEGE
BSC

- Senate Appropriations Committee
- March 3, 2003

1

Overview of BSC

Donna S. Thigpen
President
Bismarck State College
Donna.Thigpen@bsc.nodak.edu
224-5430

2

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BSC at a Glance

- 4th largest enrollment in ND University System
- Campus – 100 acres
- Buildings – 9
- Gross square feet – 415,000

3

Programs

- Transfer
  - Curricula in more than 40 majors
- Technical
  - Career training in more than 30 programs
- Corporate & Continuing Education
  - Workforce training, computer training, professional development, personal enrichment, conferences

4

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9/20/02
Date

External Environmental Scanning

- BSC employees completed external environmental scanning
- Results in core trends that will impact BSC
- Core trends lead to development of strategic plan
- Strategic plan is integrated with Cornerstone goals and linked to budget

5

Examples of Core Trends

- Projections indicate in 2005, approximately one-fourth of the state population will be 65+ and the state's largest population group will be between 55-69 and still in the workforce
- Many North Dakota industries are experiencing worker and skills shortages due in part to an aging work force and the loss of young people to jobs in states paying higher wages
- The demand for additional energy sources in the U.S. will lead to the increasing need for research and development of energy technology in North Dakota

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Examples of Goals

- Encourage student-centered learning through campus-wide Learning First strategies and innovative teaching.
- Expand the diversity of students attending BSC by anticipating and acknowledging the changing demographics of our state, and by providing appropriate programs, events and services

7

Examples of Goals

- Facilitate BSC's continued planned growth by developing business, industry and educational partnerships and by responding to educational and training needs.

6

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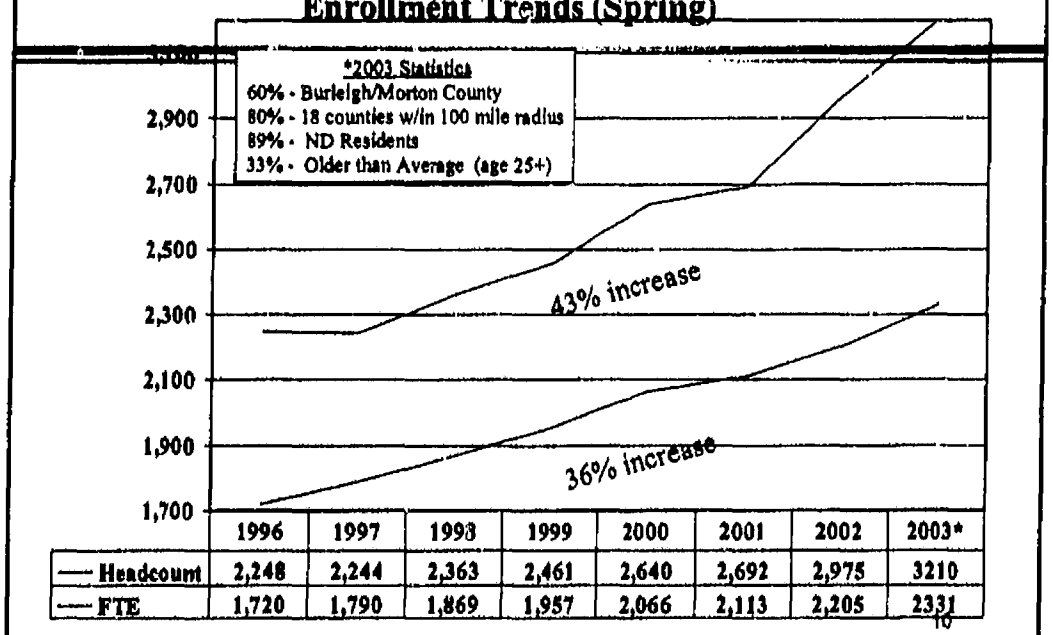
Date

Enrollment Information

- Headcount enrollment Spring 03 – 3,210
  - Increase of 43% since Spring 1996 – 962 students
- FTE – 2,331
  - Increase of 36% since Spring 1996 – 611 students
- This does not include 700-800 students on campus through collaborative programs

9

Bismarck State College
Enrollment Trends (Spring)



	1996	1997	1998	1999	2000	2001	2002	2003*
Headcount	2,248	2,244	2,363	2,461	2,640	2,692	2,975	3210
FTE	1,720	1,790	1,869	1,957	2,066	2,113	2,205	2331

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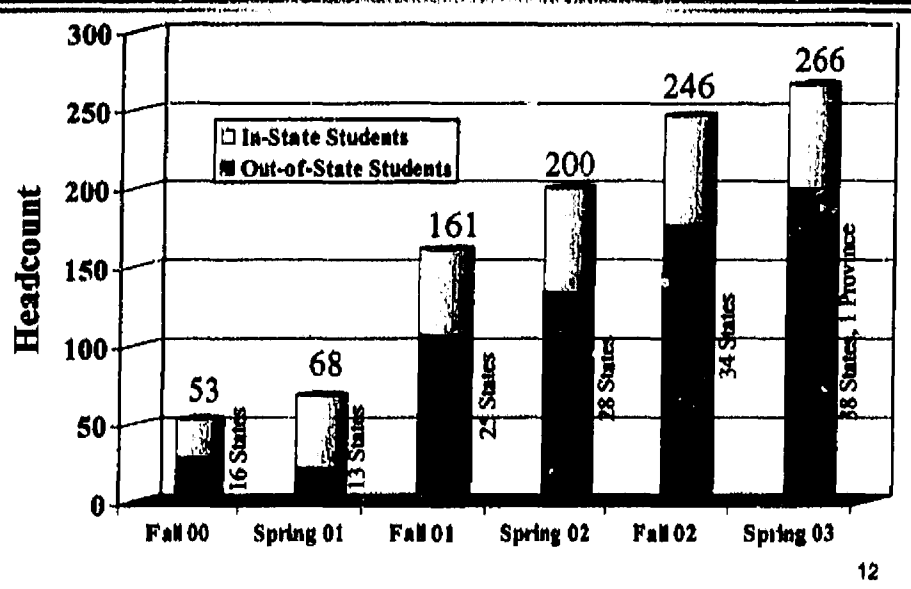
Online Enrollment Spring 2003

- Distance Education – Online Classes
  - 60 students enrolled in 6 classes Fall 1998
  - 913 students enrolled in Spring 2003
    - 513 enrolled only in online classes
    - 400 enrolled in online and on-campus classes
  - Increased by 229 students or 33% from Spring 2002 to Spring 2003

11

Bismarck State College
Online Energy Program Enrollments



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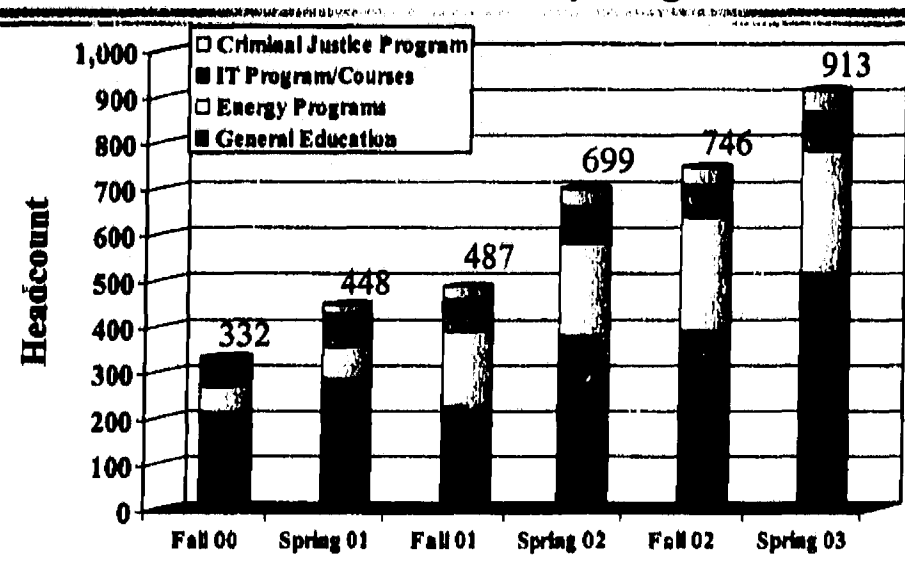
Bismarck State College
Online Enrollments by Program



13

Corporate & Continuing Education Numbers

- More than 9,200 people served in FY2002
  - Workforce training for business and industry
    - 2,787 individuals from 350 businesses in Southwest Workforce Training Region received training in FY02

14

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Workforce Training Funds

- Annual allocation for workforce training from Board for Vocational Education - $168,000
- We request that funds for workforce training be restored to Board for Vocational Education budget (HB1020)
- We also request removing language in HB1019 that makes Dept. of Commerce the fiscal agent and administrator for WFT funds

15

Budget Presentation

Dave Clark
Vice President of Operations and
Corporate & Continuing Education
David.Clark@bsc.nodak.edu
224-5434

16

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Status of 2001-03 Budget

- Tuition collections on target
- Received $420,000 equity allocation from NDUS block grant
  - Result of long-term finance plan and resource allocation model
- Received $140,000 campus initiative allocation from NDUS block grant
  - Earmarked for Electrical Transmission Systems Technology Program

17

Status of 2001-03 Budget

- Online Energy Programs
  - Primary sector economic development
  - Tuition and fee collections in excess of $1.1 million in FY02
  - Tuition from out-of-state students in excess of $800,000
    - Paid mostly by energy companies
  - Program development funded by grants

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Status of 2001-03 Budget

- Schafer Hall Renovation
  - 2nd and 3rd floors complete
  - Utilized $596,000 general fund appropriation and local funds earmarked for asbestos abatement

19

2003-05 Budget Information
Issues Facing BSC

- Technology
  - Acquisition and support
  - Laptop initiative for faculty
  - Ongoing training for faculty and staff
- Distance Education
  - Class and program development costs
  - Industry-based salaries in some disciplines
  - Online course management and help desk support

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2003-05 Budget Information
Issues Facing BSC

- New and existing program development
  - Changing demographics and environment
  - Partners with business/industry
  - Energy and healthcare is current focus
  - Technology is increasing the pace of change

21

2003-05 Budget Information
Issues Facing BSC

- Space needs
  - 43% enrollment increase in 7 years
  - Collaborative programs growing
    - Additional 700-800 students on campus
  - Some Voc-Tech program enrollments are capped due to lack of space

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BSC Hold Even Budget Request

- 2003-05 Costs to Continue Operations
  - FY03 salary increase continuation - $117,500
  - FY04 & FY05 operating inflation at 2.5% per year - $233,400
  - Increase in health insurance - $250,000
  - 2% per year salary increases - $400,400

23

Hold Even Budget Request, cont.

- Internal reallocations and reductions
  - Operating budget reductions of $289,000
    - Significant travel cuts affecting faculty and staff development
    - Overall operating budget reduction of 3.9%
  - Possible program reduction and elimination of services - $108,200

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Engrossed HB1003 – House action

- Provides campus operations funds of $15.5 million
  - Cuts $307,849 from hold even budget
- Provides capital asset funds - $250,000
  - Same amount as current biennium
- Provides $1,785,000 of revenue bond authority for student apartments

25

Engrossed HB1003, cont.

- Provides $2 million for Centers of Excellence
  - BSC supports amending the legislative intent as recommended by Gov. Hoeven, as follows: "Centers of Excellence are focused areas of instruction and research and may serve as a vehicle for expanding educational access through collaboration."

26

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Other budgets related to BSC

- Engrossed HB1019 – Dept. of Commerce – provides $1 million for student internship program
  - BSC supports campus administration of this funding

27

Other budgets related to BSC, cont.

- Engrossed HB1022 – Information Technology Dept.
  - BSC opposes proposed $12 million reduction
  - BSC has $267,300 budgeted to ITD for basic telephone service
    - Expenditures are <u>not</u> for Information Technology Dept. development projects

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Tuition & Fee Implications

- Hold Even Budget
  - FY04 tuition increase of 11.7%
  - Increase for full-time student - $235
  - FY05 tuition increase 0%
  - No increased cost for full-time students
- Engrossed HB 1003
  - FY04 tuition increase of 13%
  - Increase for full-time student - $260
  - FY05 tuition increase 3%
  - Increased cost for full-time student - $60

29

Tuition & Fee Implications, cont.

- Hold Even Budget
  - Operational cuts of $397,200
  - Program fees for welding, power and process plant tech and lineworker
    - $500/yr
    - $197,000/biennium
- Engrossed HB1003
  - Operational cuts of $397,200 (no additional internal cuts)
  - Program fees for welding, power and process plant tech and lineworker
    - $500/yr
    - $197,000/biennium

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BSC Budget Priorities

- If additional funds become available
  - Restore the cuts made by the House to HB1003
- BSC supports
  - Flexibility with accountability legislation as permanent statute
  - Block grant/pooled appropriations to SBHE

31

Long-term Finance Plan and Resource Allocation Model

- BSC strongly supports the plan because:
  - Allocation to campuses based on SBHE long-term finance plan
  - Use of model does not commit additional legislative appropriations
  - Encourages diversification of revenues and resource development
  - Holds campuses accountable
  - Provides flexibility to allocate resources
  - Only increased state general fund appropriations are allocated to parity (no more than 80%) and equity (no less than 20%)

32

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Plant Improvements

- BSC currently is appropriated $250,000 for extraordinary repairs
- Approximately 36% is spent on special assessments, leaving a balance of $160,000 for two years
  - This is minimal amount for growing campus infrastructure

33

2003-05 Capital Projects

- Career and Technology Institute
  - Workforce Training Center, Higher Education Center, National Energy Center
  - New construction 70,000+ sq ft
  - Estimated cost $8,300,000
  - Funding sources
    - General fund request $1,500,000
    - Federal and private $6,800,000

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Career & Technology Institute
Component 1 Workforce Training Center

- Multipurpose training
  - Technical
  - Computer
  - Soft skills
- Business incubation
- Technology park concept

35

Career & Technology Institute
Component 2 Higher Education Center

- Collaborative programs
  - UND, MSU, DSU, Bottineau, Williston, Devils Lake
  - IVN and ITV operations
- Enhance economic development
- 4-year public education opportunities
- Administrative and academic efficiencies

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Career & Technology Institute

Component 3 National Energy Center

- Primary sector economic development
  - Out-of-state students – FY02 revenues in excess of $800,000
- Industry-experienced faculty - instructors and program developers
- Federal and private foundation grant opportunities
- Industry partnerships

37

2003-05 Capital Projects

- Student Apartments
  - BSC converted 8-plex student apartment unit to offices in 2001
  - Debt service for Werner and Swensen Halls paid off in 2004
  - Werner Hall is 40 years old and needs costly improvements
  - Revenue bond requested totaling $1,785,000

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BSC Accomplishments 2001-02

- SBHE approved concept of The National Energy Technology and Training Education Center
- Progress continues on Workforce Training Initiative
- North Central Association approved delivery of seven distance education programs
- NCA commended progress of assessment of student academic achievement

39

BSC Accomplishments 2001-02

- Production of "The Laramie Project" selected to compete at regional theater festival and received four regional awards
- Energy programs featured in three national magazines and a trade electronic publication
- Phoenix Program received national Bellwether finalist award and 2002 Model Program Award from American Association for Women in Community Colleges
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- Continue to upgrade classrooms to "smart classrooms"
  - Faculty in each classroom building have access to technologically advanced audio and visual presentation equipment
- Piloting program on "Smarthinking"
  - Online tutoring and academic support

41

BSC Accomplishments 2001-02

- Surgical Technology Program
  - Program received initial accreditation
- Clinical Laboratory Technician/Medical Laboratory Technician
  - Program re-accredited
- Automotive Technology
  - Recertified by National Automotive Technician Education Foundation (NATEF)
- Electric Power Technology Program
  - Delivered completely online by BSC
  - Sponsored by Energy Providers Coalition for Education

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BSC Accomplishments 2001-02

- Developed programs requested by industry
  - EMT-Paramedic in Bismarck and Fargo
  - Practical Nursing
    - Cooperative effort with Williston State College and Lake Region State College
  - Electrical Transmission Systems Technology
  - Telecommunications curriculum added to Electronics Technology Program
  - Entrepreneurship Option in Management

43

BSC Accomplishments 2001-02

- Additional programs requested by industry
  - Electric Power Technology
  - Commercial Construction
  - Criminal Justice (AAS)
  - Human Services
  - Medical Assistant (MSU-Bottineau)
  - Massage Therapy (Williston State College)
  - Option in Web Design & Development

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BSC Accomplishments 2001-02

- Collaborative/Cooperative Programs
  - UND Graduate Programs
  - Minot State University
  - Dickinson State University
  - Williston State College
  - Minot State University-Bottineau
  - Bismarck Public Schools

45

BSC Accomplishments 2001-02

- BSC Foundation grants, technology grants and student scholarships
- Jack Fellowship
- Schafer Hall Renovation
- Reallocation of 5% internal funds to go toward salary increases

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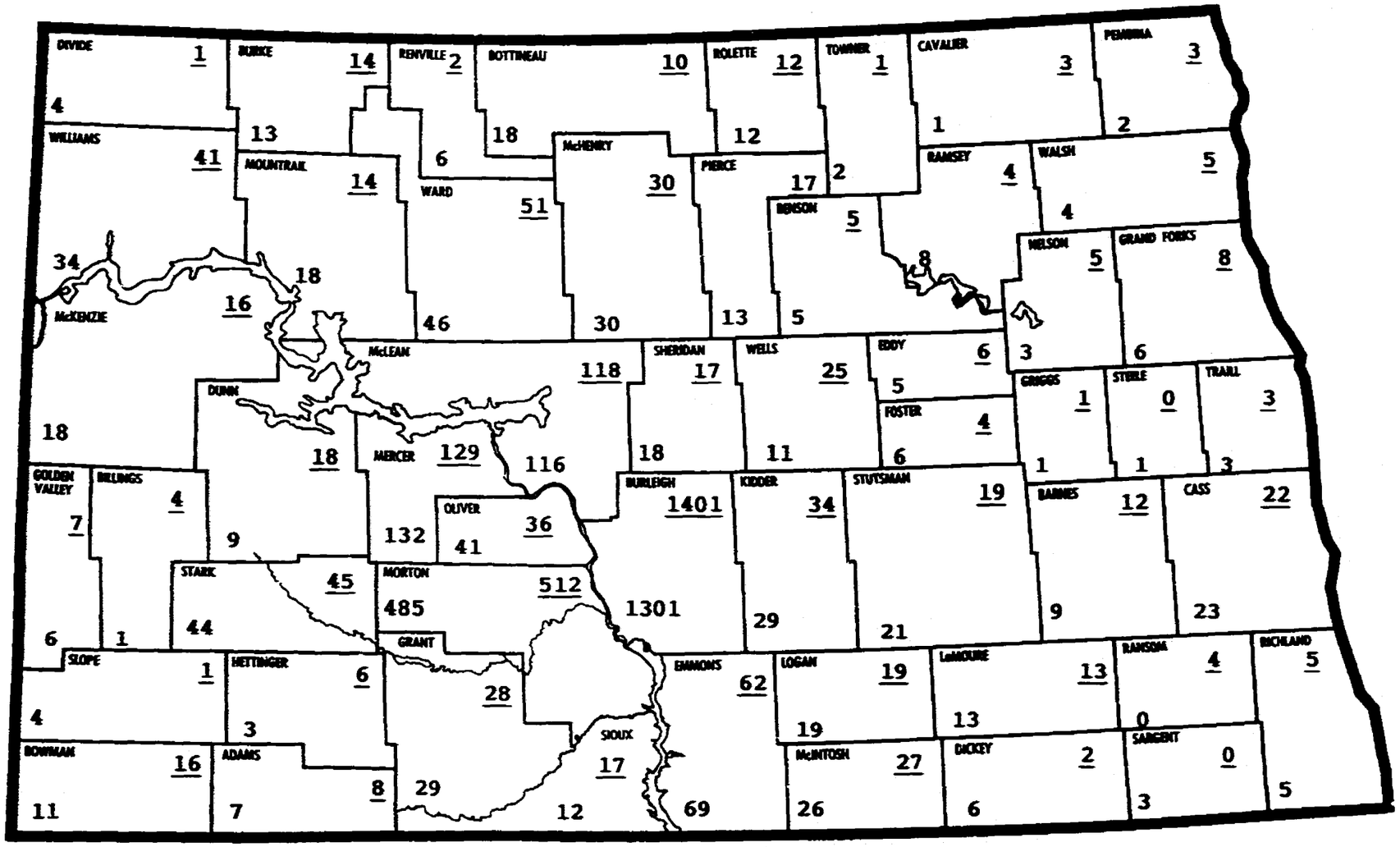
SPRING 2003 ENROLLMENT



2003	Out-of-State	-	332	2002	Out-of-State	-	243
2003	Foreign	-	15	2002	Foreign	-	14
2003	Total	-	3,210	2002	Total	-	2,975

** Numbers typed in the lower left corner of each county are for 2002.

SOUTHWEST WORKFORCE TRAINING REGION

WORKPLACE PARTNER

ACCOMPLISHMENTS
FOR 2001-2002 FISCAL YEAR

BISMARCK STATE COLLEGE
BSC

workforce training is working in north dakota

I have been Human Resource Director and vice president at TMI Systems Design Corporation since 1988. I am writing to confirm the positive experiences I've seen, and the influential effects that are apparent, since the initiation of the Southwest Region Workforce Training Service.

Workforce Training has contributed to the development of the employee base in the area by adding coursework at convenient times and places for employees who seek to grow in their respective functions, and add to their job promotion possibilities. It is a perfect complement to the growth of industry in the area, and to job development. Cost-effectiveness is demonstrated by the level of repeat participation. I have been a participant in the training, as well as a champion of the endeavor.

Course variety has been matched with firm needs in this part of the state. Through survey outcomes, the workforce training staff has established a method of targeted training, increasing efficiency in the process. Our firm has long-needed access to technical and drafting skills training, and as a result of the training delivered our objectives were met. We have also benefited from soft skills instruction, particularly for new managers.

Quality of instruction has been excellent. Reports from our staff indicate a high satisfaction level, and we see results in work behavior patterns from such training.

I am also pleased with the growing cohesiveness of the Southwest Workforce Training Board. Having been a part of that group since the inception, I see continuing interest from board members, as well as active participation. We look forward to the continued growth and success of the Southwest Workforce Training Service.

Cal Kolling, Human Resource Director, TMI Systems Design Corporation

"The class was exceptional, educational and well worth our dime for what it taught us."

- Barb Ulmer
Baker Boy

southwest workforce training FY comparisons

	2001	2002
Revenue	$ 745,053	$ 730,477
direct training revenue	445,075	525,255
number of businesses	311	350
people (unduplicated)	2,269	2,787
people (duplicated)	4,172	4,141
events	444	416
contact hours	40,690.75	72,664
primary sector "wealth building"	28	70
companies served with < 50 employees	72%	70%

annual report 01 02

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Date

annual report 02

southwest workforce training region
advisory board
fiscal year '02

Terry Brosseau
Medcenter One

Robert Colton
Carpenters Local 1091

Glenn Giese
Slope Electric Cooperative

Don Hedger
Killdeer Mtn. Manufacturing

Clayton Hoffmann
Mercer Economic Development

Cal Kolling
TMI Systems Design

Mike LaLonde
Basin Electric Power Co-op

Dave MacIver
Bismarck/Mandan Chamber of Commerce

Ron McNeil
Sitting Bull College

Guy Moos
Baker Boy

Bryan Personne
Consolidated Telecom

Bill Shalhoob
Schlotsky's Deli

Russ Staiger
Bismarck/Mandan Dev. Association

Becky Thiem
Zuger, Kirmis & Smith Attorneys

John Weeda
Great River Energy

"I was so thrilled to be a part of this training. It was very beneficial. The instructor was very professional and knowledgeable."

- Karen Crawford
Basin Electric

referrals

Referrals were made for the following training/consulting requests:

- BSC was contacted by Modern Machines in Williston for welding training.
- Luther Hall in Fargo for CME training.
- Rural Electric Cooperative referred BSC to contract with Edling Electric for their Boom Truck and Trencher Training.
- KLJ in Valley City referred to NDSCS for Excel training.
- BSC referred the City of Jamestown & Tourism to NDSCS for Strategic Planning Assistance

the year end report

- Revenue generated was $730,447 based on a FY budget of $719,192
- Served 350 businesses representing 6% of the region's 5,860 businesses surpassing the goal of 300 businesses
- Additional training was requested by 128 of this year's businesses resulting in 37% repeat business for the year, based on a goal of serving at least 100 businesses and a repeat rate of 42%
- Training events consisted of 4,141 attendees with several attending multiple events for a total of 2,787 individual people who received training, which is 3.7% of the region's 76,302 employees, exceeding the goal of serving 1,650 employees
- Across the region 416 training events were held
- Served 70 "wealth building" companies in the region
- Of the clients served, 99.4% were satisfied with the training and the responsiveness of BSC in meeting their needs
- 99.3% of the participants in the training events were satisfied with the training provided, exceeding the goal of maintaining the satisfaction rate at or above 92%
- Contacted a total of 314 businesses in the region, with a goal of 375.

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training **delivered**

Computer Training	113
Word	*14*
Excel	*21*
Access	*12*
Internet	*10*
Computer Concepts	*6*
Bookkeeping	*1*
Windows	*2*
Desktop Publishing	*2*
PowerPoint	*15*
Outlook	*2*
AutoCAD	*2*
Cisco	*2*
Misc.	*21*
MOUS Testing	*3*

Organizational Development	2
Misc.	*1*
Mentorship	*1*

Technical Training	76
Electronics	*1*
Asbestos	*15*
Welding	*15*
Simulator	*3*
Machine Technology	*13*
Heating/Refrigeration	*2*
Carpentry	*18*
Misc.	*9*

Employee Development	219
Healthcare	*59*
Financial Education	*6*
Supervisory/Managerial	*29*
Attitude/Motivation	*46*
Customer Service	*24*
Online	*20*
Workplace Communication	*31*
Sexual Harassment	*1*
Misc.	*3*

Apprenticeships	6
Total Events	416

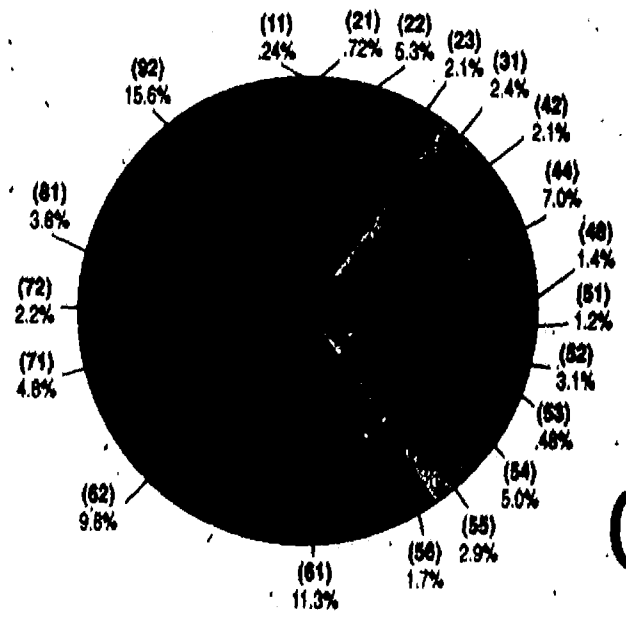
"Thank you for the knowledge I have gained through your wonderful presentation."

- Twila J. Rough Surface

clients **trained**

Companies Served by North American Industry Classification System Code

NAICS	*Description*	*# of Companies*
11	Agriculture, Forestry, Fishing & Hunting	1
21	Mining	3
22	Utilities	22
23	Construction	9
31	Manufacturing	10
42	Wholesale Trade	9
44	Retail Trade	29
48	Transportation	6
51	Finance and Insurance	5
52	Information	13
53	Real Estate and Rental	2
54	Professional, Scientific & Technical	21
55	Management of Co. & Enterprises	12
56	Administration Support	7
61	Educational Services	47
62	Healthcare & Social Assistance	44
71	Arts, Entertainment, Gaming & Recreation	20
72	Accommodation & Food Services	9
81	Services & Repair	16
92	Gov't, Public Administration (Fire, Police)	65



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annual report 02

Excellent way to incorporate small daily improvement or life-long goals."

- Jacqueline C. Yantzer
ND National Guard

BSC Corporate and
Continuing Education
Serving the Southwest
Workforce Training Region

Bismarck State College
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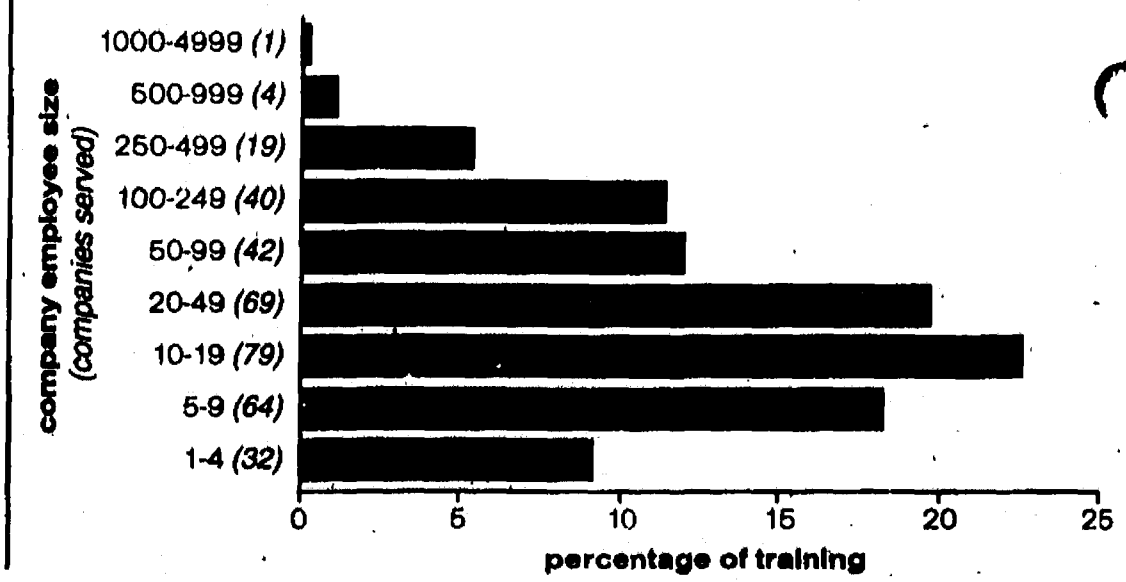
800-852-5685
www.bismarckstate.edu/cce/work

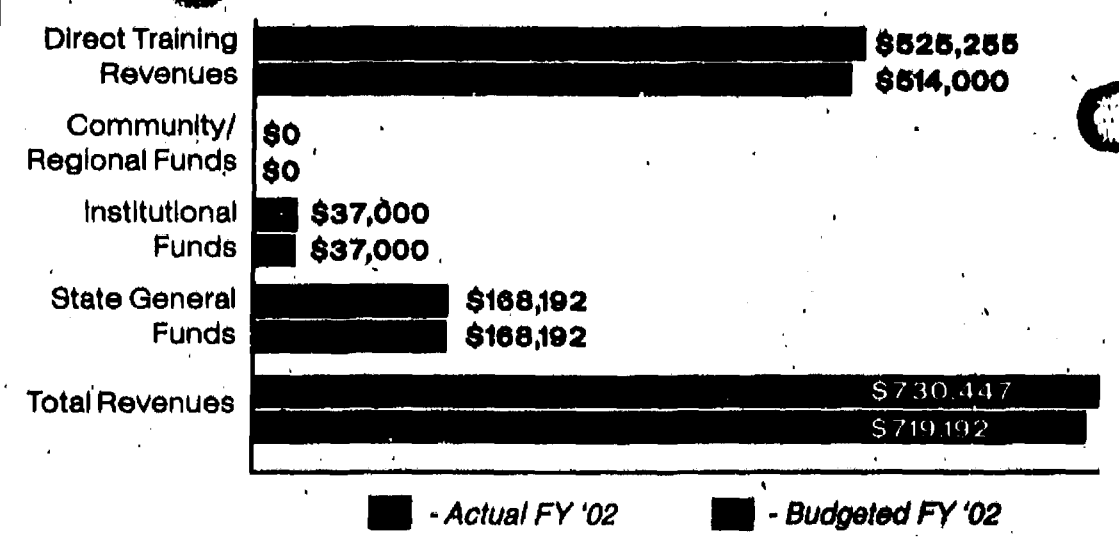
Dickinson Office
North Campus
701-483-2139

our customers



workforce training budget

• July 2001 through June 2002



total investment included: direct training 72%; state funding 23%; institution funding 5%

mission statement

We are committed to being the premier provider of innovative, results-oriented, workplace training for the businesses and industries included in State Planning Regions VII and VIII. By being fully responsive to workforce training needs, we help to provide businesses and industry in North Dakota with the most competitive workforce in the nation. *(North Dakota's Workforce Training Initiative is a result of action by the 1999 Legislative Assembly.)*

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Prepared by the North Dakota Legislative Council
staff for House Appropriations
January 13, 2003

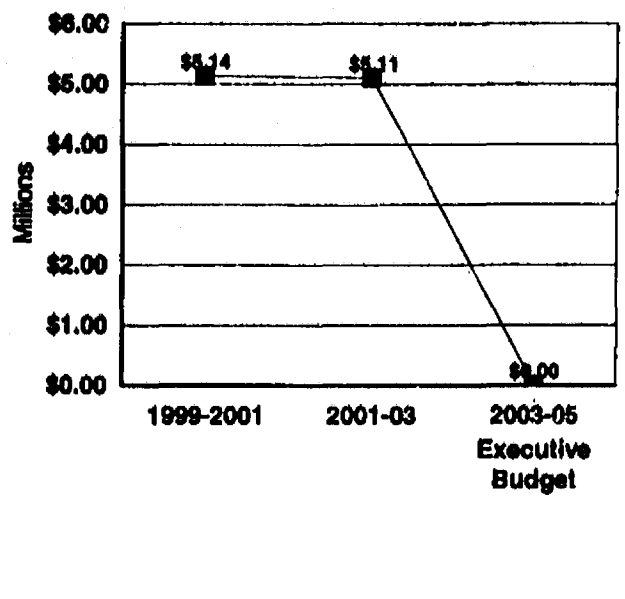
Department 228 - Lake Region State College
House Bill No. 1003

	FTE Positions	General Fund	Other Funds	Total
2003-05 Executive Budget	0.00	$0	$0	$0
2001-03 Legislative Appropriations	41.34	5,107,287[1]	325,000	5,432,287[2]
Increase (Decrease)	(41.34)	($5,107,287)	($325,000)	($5,432,287)

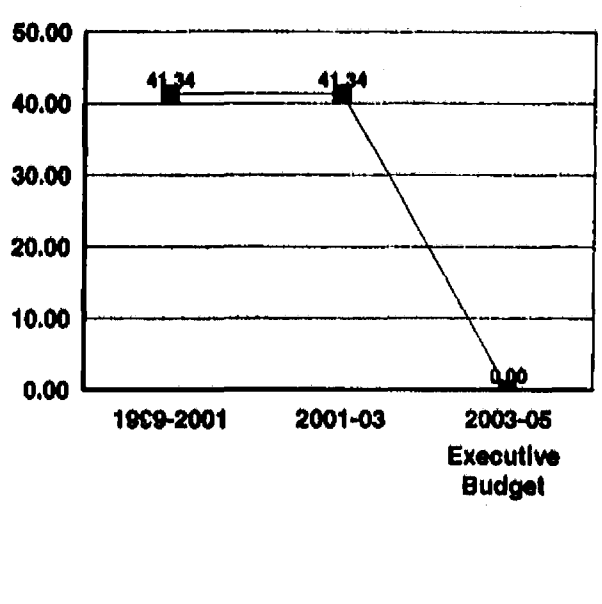
[1] The 2001-03 general fund appropriation is the amount appropriated by the 2001 Legislative Assembly and does not include a reduction of $53,627 relating to the 1.05 percent budget allotment ordered by Governor Hoeven in July 2002.

[2] The 2001-03 appropriation amounts include a general fund allocation of $150,502 from the equity and special needs funding pool appropriated to the University System.

Agency Funding - General Fund



FTE Positions



Executive Budget Highlights

	General Fund	Other Funds	Total
1. Consolidates funding for all higher education institutions into the University System office budget	($5,107,287)	($325,000)	($5,432,287)

Major Related Legislation

House Bill No. 1039 - Special funds continuing appropriation - This bill provides for the continuation of the continuing appropriation of higher education institutions' special revenue funds, including tuition.

House Bill No. 1040 - Unspent general fund appropriations - This bill provides for the continuation of the University System's authority to carry over at the end of the biennium unspent general fund appropriations.

House Bill No. 1041 - Budget request and appropriation - This bill continues the requirement that the budget request for the University System 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. The bill also continues the requirement that the appropriation for the University System include block grants for a base funding appropriation and for an initiative funding appropriation and an appropriation for asset funding.

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HOUSE APPROPRIATIONS COMMITTEE HEARINGS
SB 2003

Lake Region State College
January 14, 2003

I. The College

Lake Region State College is one of eleven campuses within the North Dakota University System. The college was founded in 1941 and has been serving North Dakota students for over sixty years. Enrollment grew by 430 percent during the sixties, from 119 full-time students in 1960 to 516 full-time students in 1969. College facilities were overflowing with students, and a building project was launched. The college moved to its present, twenty-acre campus and into a new one-story, two-building complex in 1966. Since then, there have been several additions to the original structures.

To reflect the changes that occurred during this period of expansion, the name of the college was changed in August 1981 from Lake Region "Junior" College to Lake Region "Community" College. The college Mission Statement was also extensively revised to reflect the intent to address three broad levels of educational need throughout the service community—the need for an academic-transfer program, for vocational-technical programs, and for community education services. The college continued in this direction throughout the next two decades.

Lake Region State College, Williston State College, and Bismarck State College entered the North Dakota University System on July 1, 1984 during the beginning of the turbulent eighties. The college was immediately faced with mandatory budget cuts to respond to the state's budget shortfall, referrals which reduced revenues further, suggested solutions which often threatened the very existence of the institution, and tuition increases which placed North Dakota two-year college tuition among the highest in the nation.

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The budget restraints of the eighties forced Lake Region State College to critically examine its very foundation and historic mission. This examination resulted in a planning effort which focused on development of strategies through which Lake Region State College's Mission—" . . . to be responsive to distinctive educational needs in the immediate service area and the State of North Dakota . . . ,"—could be achieved on a cost-effective basis. The institutional planning process led to development of short- and long-range goals, strategies, and action plans to tighten operations without cutting off the future. This focused effort over the last two decades has resulted in reduction of low-enrollment programs that were not cost-effective and re-allocation of some of the saved resources to add new programs and update current curriculums.

In July 1999, the college was assigned a new mission to deliver workforce training. In the bill assigning the new mission, the Legislature created independent colleges—Lake Region State College and Williston State College—to lead the workforce training efforts in the northeast and northwest quadrants of the state. North Dakota State College of Science and Bismarck State College were assigned the southeast and southwest quadrants. The development of the Workforce Training system is part of a continuing effort to strengthen the role and contribution of community colleges in North Dakota. Recently, Alan Greenspan cited community colleges as the greatest hope for keeping the American workforce abreast of technology changes.

The college is one of over twelve hundred community, junior, and technical colleges in the United States providing students the opportunity to access education and training in their local communities. Today, over one-half of all entering freshmen begin their college careers at two-year institutions. The average age in most two-year colleges is between twenty-eight and thirty-two. In addition to providing access for older, place-bound students, Lake Region State College provides a less expensive alternative for young, entering freshmen beginning their studies. The average cost today of a bachelor degree at one of North Dakota's universities is more than 28,000 dollars. If a student spends two years at a two-year

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college—living at home and commuting—and then transfers to a university, the cost is approximately 20,000 dollars. In an article in Money Magazine College Guide titled "The Bargain in Your Own Backyard," the author says, *"If someone told you there was a secret strategy that could get you a college education at nearly half-price, you'd probably dismiss him as a daydreamer. Yet, that strategy exists. You simply spend your first two years at a low-cost, public community college and then transfer to a four-year school. The result: You can cut the cost of a bachelor's degree by as much as 40 percent."* The article notes that one does this by paying a lower average tuition and saving approximately 3,000 dollars per year by commuting and not paying additional room and board. This strategy helps students reduce the debt load they carry upon leaving college.

North Dakota's two-year colleges are not only a bargain, they also provide an excellent education. With no research facilities nor graduate programs, community college professors can concentrate on teaching and advising students. In the years I have been working with instructors from the five two-year colleges through a Bush faculty development grant, I have been impressed with the level of dedication and expertise of the faculty at these two-year colleges. Because of these instructors' commitment to teaching and smaller class sizes, fewer students are "washed out" in their vulnerable first years. A review of the progress of our transfer students shows that they perform as well as students who start at the university, which is impressive since many of them began with less preparation. I believe North Dakota has a particularly advantageous structure with all types of institutions represented in the North Dakota University System. We need the diversity of the educational institutions in the North Dakota University System to meet the needs of all of our students, from certificate and diploma offerings to masters and doctorate programs.

Further evidence of quality education at the college is that Lake Region State College received a 10-year re-accreditation with no follow-up visits in March 2001. The consultant team stated that the college has many strength and must be commended for that. One of those strengths was the backing Lake Region State College receives from the Lake Region area. The team also stated that LRSC receives great support

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from the city of Devils Lake. The consultants said the outpouring of support was the most they had seen at a community college. Other strengths specifically mentioned included:

- The vision, leadership, and advocacy of the president which contribute to the strength of the college;
- The exceptional effectiveness of the Community College Foundation in fund-raising for scholarships and capital improvements and in creating strong awareness of the college in the community;
- The outreach program at Grand Forks Air Force Base which serves an increasing number of constituents and strengthens the institutional resource base;
- The positive attitude of college personnel;
- The exemplary planning process;
- The support staff taking advantage, with institutional encouragement, of educational opportunities provided; and
- The participatory self-study process, careful writing and forthright analysis which produced a particularly useful document.

II. New Initiatives, Programs, and Developments

The Lake Region State College Planning Team annually looks at current and potential programs to meet the needs of the northeast quadrant and of the entire state of North Dakota. The planning team looks at labor market information and requests from various industries within North Dakota to determine which new programs to develop. Many of the programs developed include partnerships with industry or other University System institutions. These partnerships provide additional opportunities for students while maximizing the use of resources.

Since the mid-eighties, college personnel have been working to change programming, not only to react to tremendous fiscal challenges, but to be creatively prepared to meet projected changes in job skill levels. The College Planning Team has been cognizant of changing training and education needs for skilled workers. Many unskilled jobs have changed to skilled jobs in the last several decades—and this shift will continue into the next several decades. In 1950, professional education—four-year baccalaureate and above—was required for twenty percent of available jobs, skilled training and education—two-years or less—was required for twenty percent of jobs, and no special training nor education beyond high school graduation was required for sixty percent of jobs. According to the US Labor Department, the demand for jobs needing a four-year degree is expected to grow to around 25

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percent over the next 10 years. Technical jobs, in comparison, will grow steadily to 65 percent of jobs requiring technical skills by the end of this decade. At the same time, the unskilled share of the workforce will decline to 10 percent by the end of the decade.

What does this mean for higher education? If these trends continue, the need for professional education will remain strong and continue to grow in relation to the number of expanding jobs. However, great change has already begun in the skill levels of blue- and pink-collar jobs and will explode in the next decade. Persons with limited skills will be relegated to low-tech, low-paying jobs. Unless America's workforce is rapidly brought to international skill levels, our society will lose its great working middle class and will bifurcate into a two-class system—the "haves" and "have-nots."

Lake Region State College, individually and as part of the North Dakota University System, has made concerted efforts to respond to these changes in job requirements. In recent years, the college has re-allocated resources from lower-skill, under-enrolled curriculums to high-tech curriculum offerings. Cognizant of the need for people to re-train and re-position their job skills many times throughout their lives, we have expanded our re-training efforts. We have also linked high-tech programs to four-year programs whenever possible to provide students with the much-needed professional credentials they need to maintain high-quality employment.

The two-year colleges in the North Dakota higher education system have begun an exciting endeavor to provide a more coherent, responsive set of program offerings state-wide to meet the shift in unskilled to skilled job requirements. The State Board of Higher Education approved formation of the College Technical Education Council (CTEC) as a means of more systematically reviewing training and education needs for the skilled worker level—two years of college or less. In the past, as new job requirements developed, the post-secondary, two-year system was in a response mode rather than a proactive planning mode. As pressure for new programs developed, two-year colleges would respond individually—often competitively—to the need. This approach was costly, inefficient, and slow.

Working as a team—with input from the secondary system of vocational-technical programs, State

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Board for Vocational/Technical Education staff, Job Service North Dakota, the Governor's Workforce Development Council, and other entities—two-year, post-secondary institutions are charting a plan to meet emerging needs rather than merely respond as pressure for new training needs builds.

Through CTEC, the two-year colleges have spent considerable time during the past five years building a system which has 1) identified campus strengths through a program-mapping process, 2) created a Workforce Training unit, 3) developed a follow-up information system to track graduates, 4) organized a North Dakota Community College Consortium of faculty and administration to design cooperative faculty development programs and to write collaborative grants, and 5) collaboratively undertaken and state-wide needs assessment for new vocational/technical programming. CTEC members have taken a leadership role in development of a general education agreement and common course numbering project which is making transfer easier for students.

Program Updates

The college, in partnership with the North Dakota School for the Deaf, has developed a **Sign Language and Interpreting Studies program**. There is a critical shortage of trained sign language interpreters in the state. There are only eleven full-time educational interpreters in North Dakota who must meet the needs of 148 deaf children enrolled in public schools throughout the state and at the North Dakota School for the Deaf. The shortage of interpreters—not only in North Dakota, but nationwide—has pushed wages upward. Hourly wages range from nine dollars per hour to as much as fifty dollars per hour for highly skilled interpreters.

The program began enrolling students in January, 2001. Lake Region State College's first class of Sign Language and Interpreting Studies students graduated May 10th 2002. Ten students completed the program and earned certificates. Our Sign Language and Interpreting Studies program continues to see growth.

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The demand for qualified nurses statewide brought **nursing training** back to LRSC. Together with Williston State College and Bismarck State College, LRSC forged a partnership that links the institutions to deliver nursing training where it is so desperately needed. The program started in the fall of 2001 on the LRSC campus and at outreach locations in Langdon and Grafton. Lake Region State College and Bismarck State College use Williston State College's practical nursing curriculum. Outreach programs also are offered in Bottineau, Minot, and Rugby. The Director of Nursing for the Williston program oversees implementation at all three colleges. These colleges share nursing instructors and deliver courses using the Interactive Video Network (IVN) and other distance education technologies.

Grants also are assisting program delivery. In 2001, Lake Region State College in Devils Lake received a 91,000-dollar grant to develop and implement a **LPN Distance Learning Program**. Lake Region State College will work with partners—Bismarck State College, Williston State College and a health care provider consortia in Langdon, Grafton, Park River and Devils Lake—to develop Internet courses, video conferencing, field and technical support services, and much more to make the program successful. This creative model focuses on access to services and quality of care factors by linking academic and rural health institutions. Later in 2001, the college was awarded a grant from Dakota Medical Foundation, Fargo ND, in the amount of 104,219 dollars over three years for a collaborative distance education program to train practical nurses in rural North Dakota. Funding from this grant will be used for a nursing lab at the Grafton outreach facility and aid other areas of the program

The college is using grant monies from the State Board for Vocational Education to **promote nursing careers to men**. In North Dakota, men have comprised between 6 and 7 percent of registered nurses and about 3 percent of licensed practical nurses, according to the North Dakota State Board of Nursing. The goal of promoting nursing as career for both men and women hopefully will bring more nurses into the field as the demand for qualified nurses is high, not only in the region but throughout North Dakota and nationwide.

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Peace Officer Training—A partnership between Lake Region State College in Devils Lake and the Fargo Police Department is addressing the critical shortage of police officers in the region and state. In the summer of 2002, the two teamed together to offer LRSC's Peace Officer Training Program in Fargo. Lake Region State College currently offers an 18-week Peace Officer Training Certificate Program at its Devils Lake campus each fall and spring. The additional summer session helped meet recruiting and training needs in the Fargo Police Department. During the training, which ran from May 13th through August 22nd at the Fargo Regional Training Center, students received instruction in the fundamentals of law enforcement, criminal justice, defensive tactics, firearms, and physical fitness. Students wishing to earn a complete certificate now have the opportunity to pick up psychology and information processing courses from NDSU, UND, or any other accredited college or university.

Twenty-two peace officer candidates graduated August 23rd, 2002 from Lake Region State College's Peace Officer Training Program in Fargo. The students consisted of 14 agency-sponsored students and eight LRSC students. Demand for this outreach program continues with additional summer sessions planned in Fargo.

Approval also has been given to run our **Law Enforcement program online**. Any academy-trained officer in any location can complete the AAS in Law Enforcement through internet-based instruction. The format allows individuals to fit studies around work and family, and assignments can be done any time, day or night, as long as deadlines are met. Much of the coursework has been designed for online delivery by LRSC faculty, and other required courses are available through North Dakota University colleges and universities.

The **Simulator Maintenance Technology program** at LRSC also has been approved for online delivery. The goal is to team up with companies that employ simulator technicians and give their employees the needed training and degrees to be better at their jobs. Lake Region State College is committed to working with companies to meet each company and employee's needs.

The college is proud to collaborate with other North Dakota University System campuses to offer an

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Associate in Arts (AA) Degree online. One can take classes or earn an AA through innovative computer-based training and e-learning technology without stepping foot on a campus.

All programs at Lake Region State College recently underwent a comprehensive review where each program's strengths and challenges were analyzed. At the end of that review process, it was determined that the college will no longer offer two-year vocational diploma or associate in applied science degrees in **Agricultural Farm Business Management.** Consistently low enrollments led to the decision. Exacerbating these low enrollments is the fact that many future farmers are earning degrees in other areas of concentration, such as business, management, and marketing rather than vocational agriculture. The college will continue to offer an agriculture transfer program where students can select agriculture courses needed for a bachelor's degree. The **Adult Farm Management program**—separate from the two-year ag program—is not affected by the program changes. Lake Region State College's Adult Farm Management program is designed to provide current producers with opportunities to gather information and develop skills in areas of farm records and analysis. The college's Adult Farm Management program continues to grow. Lake Region State College provides services to nearly sixty farming units. Program delivery to the Langdon area has been approved. The instructor for this program will be housed in the NDSU Sturlaugson Center when it is completed.

Joint Ventures

Lake Region State College has formed more than 55 active partnerships with regional entities to provide services such as Workforce Training, School-to-Work, vocational/technical courses, dual credit, Hometown University, and non-credit workshops and certifications to area students. Numerous programs such as Legal Assistant, Child Care, and Practical Nursing have been delivered throughout the state as needed. Lake Region has offered dual credit courses and credit classes to the military at Grand Forks Air Force Base, Fargo Air Guard, Camp Grafton, Cavalier Air Station, Thule Air Force Base in Greenland, and bases in Kuwait as requested.

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The college continues to foster relationships with colleges and universities in the North Dakota University System. Program articulation agreements are proving to be very beneficial for students and the colleges. A program-to-program articulation agreement between LRSC and UND makes it easier for LRSC students and their credits to transfer directly into their programs of study at the University of North Dakota. Lake Region State College students will know what courses are needed when they prepare to transfer into their major fields of study at UND. The agreement, which includes more than 30 programs, has been a priority for both institutions. It solidifies a long partnership with UND in providing educational services for the region.

Partnerships with NDUS colleges and universities also have brought a 4-year degree program to Devils Lake. Currently, Mayville State University's Bachelor of Science degree in Business Administration is being offered through Lake Region State College. Students officially enrolled in the program take a variety of courses toward degree completion, ranging from an intermediate accounting class to an entrepreneurship/financial management class. Courses are delivered to Lake Region students in a variety of ways, using the Interactive Video Network, online courses, and evening and weekend courses.

Educational opportunities for area public schools are growing, thanks to a cooperative effort from local school districts. One year ago, regional school districts launched an effort to give students improved learning services. Their efforts to provide more services and courses to rural students became the Northeast Education Service Cooperative (NESC) when 11 schools, Lake Region State College, and two tribal colleges signed a joint powers agreement in January 2002. In one short year, the cooperative has made significant strides, according to Wayne Lingen, superintendent of Cando and Bisbee-Egeland schools, current lead administrator for the NESC. Today, these schools have begun sharing classes utilizing the Interactive Video Network (IVN) and have hired a scheduler for this interactive video system. Currently, there are 14 school districts and two colleges in the cooperative. Public schools in the cooperative include Bisbee-Egeland, Border Central, Rock Lake, Cando, Munich, Starkweather,

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Adams/Edmore, Devils Lake, Lakota, Minnewaukan, Leeds, Warwick, Four Winds, and Langdon. The cooperative offers flexibility to each member, as school districts may opt out of any of the program proposals.

The schools are strategizing to create a common calendar and class schedule. The members also are looking at grant incentives. Earlier this year, the group hired a grant-writer and recently submitted an Upward Bound Grant which, if awarded, will enhance mathematics and science courses. Together they are looking at ways to meet the requirements of No Child Left Behind and are providing the cooperative's schools with data collection software for the No Child Left Behind program. The schools want to provide a counselor pool for districts, and current members are hoping to bring other groups to join NESC.

Leaders of the school districts and colleges participate in governance and administration of the cooperative. A governing board and an administrative board oversee the cooperative. The governing board, consisting of school board members and officials of the college, makes policy decisions on behalf of the member school districts and colleges. The administrative board, consisting of chief administrators or their designees of each school district and the colleges, coordinates the administrative services to the school districts and colleges.

According to Wayne Lingen, director of the administrative board, *"This is the most positive step education has taken in our region in 20 years. The Cooperative offers real hope for rural education in our area."* Rock Lake School member and governing board chair Robyn Jacobsen said, *"This is a practical and cost-effective way to provide more services and courses to rural students. We can make real progress together through the cooperative."*

Tech Prep

The Northeast Region Tech Prep is continuing to support northeast North Dakota high school students by offering technical assistance and financial support for introducing career-related, dual credit

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courses to schools that have not offered them in the past. It also provides a link between high schools and North Dakota University System colleges and universities.

Improvements and Advancements of Outreach Services at LRSC

LRSC Online—After more than six months of research, on April 30, 2002, the college signed a three-year contract with eCollege. College personnel believe that eCollege is best suited and equipped to provide the resources needed to expand the college's online offerings. The decision to contract with eCollege has proven to be positive. Fall 2002 enrollment for online courses increased by 35 percent from last fall. (The number of college courses offered increased just by one percent.) The retention rate of those students remains the same at 73 percent.

LRSC had 26 faculty members using the previous online platform. Since we began using eCollege, LRSC has 27 faculty members actively using the system and another 7 who have scheduled training with the expectation of future use. Therefore, the college anticipates, after just two semesters, a 30-percent increase in faculty use. The college began the eCollege contract with 13 developed courses. Since the contract with eCollege, LRSC has initiated development of nine additional courses, two of which are general education lab sciences.

The faculty and staff have responded with positive remarks in regard to the 24/7/365 Help Desk support provided via email or a toll-free number to eCollege headquarters in Denver.

The registration procedures with eCollege continue to be monitored and adjusted. The process for students is more streamlined and efficient. It provides immediate feedback to the students on enrollment status, billing amounts, etc. The eCollege platform allows the Office of Continuing Education to more efficiently manage student rolls and student enrollments. It also allows for easy communication—to faculty and students—and reporting from within the system's administration module.

LRSC was recently granted approval to offer two degrees online. The following programs will be launched online in Fall 2003: AAS in Simulator Maintenance Technology and AAS in Law Enforcement.

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We anticipate the enrollment in these programs to be steady and significant.

Interactive Video Network

LRSC currently coordinates the activity of four IVN labs or classrooms—LRSC Room 171, LRSC Room 172, LRSC Room 34, and Cavalier Memorial Hospital Conference Room. We anticipate installation of a fifth room in Grafton ND by summer 2003.

LRSC has increased its capacity and equipment significantly in the past two years. The college's approval to offer the associate degree in practical nursing pushed this growth tremendously. (Prior to the LPN program, LRSC coordinated just two active rooms.) The LPN program solidified two major grants from Blue Cross/Blue Shield and the Dakota Medical Foundation to fund the additional three IVN rooms. This addition has allowed LRSC to service an additional 30 degree-seeking students off-campus. The equipment has also supported the unique tri-college format of the delivery of the degrees across the state. Bismarck State College, Williston State College, and LRSC share educational ex, enses and resources in order to deliver all program requirements. Through state appropriations, LRSC has purchased additional equipment—laptops, fax/copy machine, etc.—to enhance the delivery of distance education courses.

In fall 2003, LRSC delivered for the first time three courses for dual credit over the IVN/STAGEnet system. This delivery allowed rural high school students to take advantage of college level courses over the network.

Dual Credit

LRSC has a large and successful dual credit program. The college has an extensive list of requirements and expectations of any part-time instructor who applies for approval to teach for LRSC's dual credit program. LRSC requires each active part-time faculty person to come to campus for an orientation. For two years the participation rate in this orientation has been 100 percent. The orientation

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includes the following: Policy and Procedure Review, Student Services, Administrative Services, Library Services Assessment Guidelines, ITS Services, and an intensive academic faculty meeting.

The academic meeting allows part-time instructors the opportunity to meet with the full-time, on-campus faculty. Part-time instructors are not permitted to teach until this has been done. Topics covered in this session are syllabi guidelines, textbook selection, supplemental materials, objectives for general education, departmental and course requirements, student outcome expectations, and assessment process and materials. LRSC requires the use of a textbooks approved by the campus departments. Part-time faculty members are required to submit course assessments, which contribute to the college's assessment plan for NCA (The Higher Learning Commission).

The college has trained several full-time departmental faculty and professional staff members in classroom observation and evaluation methods used on campus and have begun classroom observations and evaluations of all off-campus dual credit courses. The goal is to have every part-time faculty member evaluated by the end of each academic year.

Part-time instructors are also required to hand out the Student Evaluation of Teacher Effectiveness survey to their students each semester. This survey allows students to comment on the teaching methods and resources used by their instructors. The surveys are sent to the Office of Continuing Education and tallied, and the results are sent back to the instructor, as well as the Vice President of Instructional Services for review and comment.

Enrollments in dual credit have increased dramatically in the last few years. The option for students to take courses on campus in Devils Lake, at the Grand Forks AFB, at their local high schools, through IVN/STAGEnet, and now online provides the access LRSC hoped to achieve and removes barriers for place-bound students. The increase can be attributed, as well, to our strong commitment to quality education.

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Student Support

Lake Region State College was awarded a TRIO-Student Support Services grant in 2001 from the Department of Education. The program will be funded for four years and is eligible for funding renewal in four-year increments. LRSC is the only two-year college within the North Dakota University System to receive Student Support Service funding during this awarding period. The project will provide direct services to about 100 eligible students per year. Four new positions were created to carry out the Student Support Services program plan of work.

TRIO programs are funded through the US Department of Education as educational opportunity outreach programs designed to motivate and support students from disadvantaged backgrounds. Colleges throughout the country submit competitive applications for funding for various programs within TRIO. The TRIO-Student Support Services program is designed to serve students who are first-generation college-goers, which means neither of their parents completed a bachelor's degree. It also targets low-income students and students with disabilities. A study of LRSC's student population shows that 90 percent of its students meet one or more of the qualification factors for participating in the Student Support Services Program.

Students eligible for the TRIO Student Support Services program receive additional one-on-one assistance with academic, financial, and personal advising, registering, tutoring, and mentoring. Students will be able to take part in cultural awareness activities, learn and update information technology skills, and most importantly, succeed at college.

Retention

Lake Region State College utilizes numerous strategies to encourage retention and help each student meet his/her educational goals. Placement exams are required of all students prior to initial course selection. Orientation programs are designed to help new students prepare for the rigors of college life and develop "college survival skills" that will enhance their success. Faculty advisors meet regularly

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with their advisees to develop and monitor educational plans. An early warning system is used to identify students who appear to be having difficulty. The counseling department meets with at-risk students to assess problems and develop strategies to help students get back on track.

Several special programs are available to assist and support retention. The TRIO-Student Support Services program was introduced one year ago and is producing very positive results for the 100+ students it serves. Non-TRIO students have access to tutoring and other support services through the Academic Skills Center. Campus living has been strengthened by the addition of high-speed Internet access in the resident halls providing students fast access to the Internet for homework, research, and online courses. LRSC is one of six campuses across the state to participate in North Dakota WEAV (Working in Education Against Violence). This project has been very successful in educating the campus community about relationship violence and in helping students involved in dangerous or destructive relationships to stay in school. The Campus Diversity Committee also supports retention through its work to create a climate where students from all backgrounds feel welcome and valued.

All students entering college in the fall of 2002 participated in the Retention Management Survey (Noel-Levitz) as recommended by the North Dakota University System. Faculty advisors received training on how to use the survey results in their work with advisees. Strategies are being devised to provide early intervention for students identified as at-risk by the survey instrument.

Every year, LRSC carefully tracks the enrollment decisions of full-time, degree-seeking students who complete spring semester and would be expected to return to college the following fall term. Among this group of students, 70 percent of those who completed the academic year 2002 returned to continue their studies this fall. In addition, 14 percent of the cohort transferred to other colleges. Both groups of students were successfully retained in college, bring LRSC's college-continuance retention rate of 84 percent. These retention rates compare very favorably to the national average retention rate for public colleges which is reported in Noel-Levitz materials to be 52 percent.

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Assessment

LRSC continuously assesses its programs and services to ensure educational excellence. Many of the college's assessment strategies were reviewed and approved during the institutional self-study process and NCA re-accreditation visit in March of 2001. Most of the assessment strategies that were developed in preparation for the NCA visit have become part of the college's ongoing institutional procedure. Student achievement is assessed using a variety of measures including tests to establish baseline knowledge of incoming students (ACT/COMPASS), tests to measure learning at the end of the program of study (CAAP), evaluation of learning in specific courses, etc. Instructional programs are likewise assessed using a variety of measures including self-assessment, peer review, student evaluation, and formal instructional assessment conducted by the Vice President of Instructional Services or his designee.

A comprehensive review of each technical program was recently conducted. It provided an in-depth assessment which identified the strengths and challenges of each program. As an outcome of the effort, several program-strengthening activities are now underway.

In preparation for the NCA visit, a faculty member was appointed to serve as assessment coordinator, charged with the responsibility to lead and encourage faculty through the process of developing and implementing effective assessment strategies. The NCA visit was concluded with the most positive possible outcome—a ten-year re-accreditation with no follow-up visit requirement. To assure that the assessment processes developed for NCA are continued and further expanded, the institution will continue to assign a faculty member to oversee assessment processes.

III. Workforce Training

Lake Region State College believes community colleges are a vital educational link in providing the workers needed to fuel the fast-growing knowledge- and technology-based industries necessary to support North Dakota's future economy. Lake Region State College formed its Workforce Training

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Division in 1999 which consists of the partnership between the University of North Dakota's Office of Workforce Development and Lake Region State College.

The resulting 1999 North Dakota state legislation made workforce training—on a state-wide level—a top priority. The state legislature allocated fiscal year 2000 funds to create a new workforce training system for North Dakota. The centerpiece of this plan was establishment of four defined service regions that cover the entire state.

Since its inception, the Northeast Workforce Training Partnership has been successful in meeting or exceeding its operational goals. The advisory board, as specified by North Dakota State Board of Higher Education Policy 350.2, contains representatives from business, labor, economic development, and tribal colleges. This board has approved budget, business, and operational plans and counseled the Partnership staff on procedural issues. Advisory Board members have also been active participants in the fund-raising process, helping the college president to raise 181,000 dollars. The Northeast Workforce Training Quadrant representatives have been responsive to our requests and timely in their solutions.

To date, the Northeast Workforce Training Partnership has provided nearly 50,000 hours of training, to over 5,000 people for 231 businesses or organizations and had a revenue total of 367,799 dollars.

The ongoing success of the Workforce Training initiative will heavily depend on its continued funding through legislation. As stated in the Roundtable report, "The system should be used as a key strategy in helping existing and potential businesses remain competitive, helping companies within the state transition to the knowledge-based, technology-driven economy, and assisting economic development organizations in attracting new primary sector companies to the state." With the help of state funding, the Northeast Workforce Training Partnership has proven its worth in each of these areas. Current state funding allows for an infrastructure designed to deliver the necessary broad array of facilitation and delivery of training without burdening the regional businesses who pay for the actual costs of training. The benefit to our regional economy is measured by the satisfaction rating of the training provided (currently 99 percent) and the amount of repeat customers (46.3 percent) in the

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preceding year of operation. Many returning clients could not pursue further or more advanced training for their employees if the costs to them included the costs of maintaining the infrastructure to deliver these services. The worth of the infrastructure is also measured by its value to economic development agencies who recruit businesses to North Dakota. Availability of training is one of the top concerns of most companies deciding to expand or relocate their businesses. The presence of a Workforce Training Representative from the initial meeting onward sends a powerful message about the flexibility and availability of North Dakota's educational system. The Governor's Budget includes dollars for Workforce Training. Continued funding to support workforce the training infrastructure is much appreciated. The current workforce training quadrant model has made great strides in the first three years of operation. Continuation of this model can only lead to success.

The Northeast Workforce Training Partnership is proceeding quickly with its work on making the **Virtual Entrepreneur Network** and **Northeast North Dakota Bizpathways** a reality.

This has the potential to increase the number of business start-ups in rural areas, increase business use of high-speed Internet access, increase the success of new business start-ups, supplement the work of local economic developers and SBA/SBDC, bring on-time information about events and human help to "geographically challenged" businesses and build a network of mentors and professionals to make a stronger economic climate in our region.

FORWARD Devils Lake, Lake Region State College, Job Service North Dakota, and Total eMed—a medical transcription company based in Franklin TN—teamed up to bring a **medical transcription program** to the area. The self-paced program, offered online, is unlike any other in the area. The Medical Transcription Program started with 22 students (20 with most of their tuition paid for by FORWARD Devils Lake and 2 with tuition paid for by Rolla Job Service.) After one year, we now have had 2 graduate and 10 close to finished. Graduates are applying to online transcription companies.

Lake Region State College, the Grand Forks Economic Development Council, Northeast Workforce Training Partnership, UND Aerospace, and the University of North Dakota held a grand opening August

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29th, 2001 for its **state-of-the-art, 15-station computer lab** in Grand Forks. The new lab is designed to meet the training needs of Grand Forks regional employers and assist in "building a world-class workforce" through cooperation and collaboration.

Demand for **care providers** is expected to grow as the state's population ages. To help meet the growing demand for in-home services, the Department of Human Services is partnering with the Northeast Workforce Training Partnership at Lake Region State College to train in-home care providers. This partnership will increase the number of trained providers and should ultimately assure better care. The Dickinson region was the first area of the state to offer the training beginning in May 2002.

This contract with the division of Aging Services has thus far trained 73 nurse trainers in 35 counties, will have 35 nurse trainers in 10 more counties by the end of January, and the final counties will be complete state-wide by the end of February 2003. All counties and rural areas will have access to the training through our trainers.

IV. Students

Lake Region State College has an open enrollment policy, serving students regardless of race, color, sex, creed, age, handicap, or national origin, according to non-discriminatory policy. All who have graduated from high school or completed a GED may enroll, once they provide the information required for a complete admission file.

Most (83 percent) Lake Region State College students are from North Dakota. Students enrolled on the main campus are largely North Dakotans (98 percent). Students enrolled at the Grand Forks Air Force Base are primarily military personnel and their dependents, many of whom are from other states.

While the student population at the Grand Forks Air Force Base is quite diverse, the student body at the main campus in Devils Lake tends to be fairly homogeneous. The college's Diversity Committee has encouraged development of understanding and appreciation for many cultures and has worked hard to

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make the campus a welcoming place for all. Tuition waivers are being used strategically to bring students of varying backgrounds and ethnicity to the campus.

Beginning fall 2001, the process of counting students at third week was changed to include all students enrolled for credit. The third week headcount for fall 2002 was 1340, slightly stronger than the fall 2001 headcount of 1308. Headcounts in prior three years averaged 844, significantly lower than current headcounts. The growth of approximately 500 students since then shows a more accurate picture of credits offered and students served (see appendix).

Among its degree-seeking students, Lake Region State College typically has more freshmen than sophomores. Two factors are significant in this distribution--A number of students enroll in certificate programs that are completed in one year or less, such as the Peace Officer Training Program and the Sign Language and Interpreting Studies program; and Lake Region State College uses 30 credits as the benchmark for sophomore status as compared to 24 credits used by many other colleges. Implementation of ConnectND will push NDUS campuses to use a common credit benchmark for sophomore status. The benchmark will likely be 24 credits which will increase the number of LRSC students designated as sophomores.

Forty-eight percent of degree-seeking students are enrolled in Liberal Arts (the 2-year transfer track) Program (n=311). Enrollment for the remaining students is spread across 15 technical programs. Women outnumber men enrolled by 100 students. Minority students make up 11 percent of the student population.

Since 1990, the college has experienced an increasing number of part-time students. Many of these students are enrolled at the Grand Forks Air Force Base. Many others are participating in dual credit programs at their high schools. For the past two years, LRSC has used the designation "undergraduate special" for all students who have not identified themselves as degree-seekers. Many part-time students and all dual credit students receive this designation. Dual credit has become a special mission for LRSC and has changed the student profile (see chart, below). Significant dual credit enrollments (approxi-

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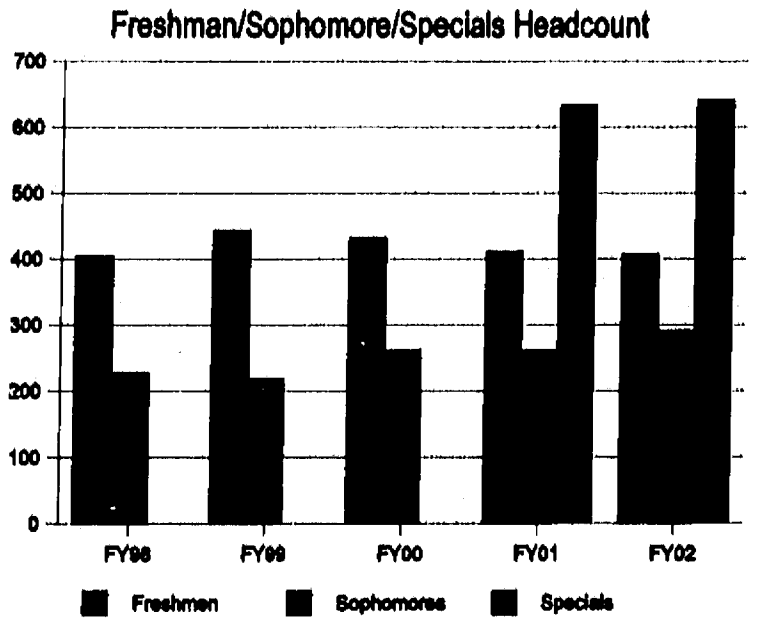
mately 450 per term) have increased the part-time enrollment count and raised the full-time equivalent (FTE) count. Dual credit has also widened the area served by the college. Approximately forty high schools throughout the state participate in the LRSC dual credit program.



Note: Small numbers of undergraduate special students were served FY98 through FY00 but were not included in official counts.

In addition to the dual credit initiative, LRSC is exploring new ways of serving niche markets. New programs to provide training for practical nurses and sign language interpreters have seen strong enrollments, proof that these programs are meeting important needs in the region. LRSC also is building its ability to provide educational services to students online (over the Internet). The number of online courses offered by the college is growing rapidly, and this option is welcomed by students who have time or place barriers to a campus-based educational experience. The LRSC Simulator Technology Program is unique throughout the nation, and an effort to place the entire curriculum online is now underway. The AAS in Law Enforcement is also being delivered online.

When there is a need, LRSC is ready to bring full programs to communities where there are sufficient numbers of learners. The Legal Assistant Program has served several cohorts through to

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graduation in other communities including Bismarck and Williston. Preparations are underway to deliver the program in Minot beginning fall 2003. The Peace Officer Training Program was delivered in Fargo last summer and will be delivered there again next summer. The Adult Farm Management Program is currently preparing to open a new outreach center in Langdon. Training for practical nursing is currently being delivered in Grafton and Langdon. Each of these initiatives represents an effort to address the needs of a niche market. Discovering the niche and developing strategies to serve them continues to be a key element of LRSC's survival and success.

To strengthen its ability to reach out to students, LRSC re-designed its Student Services/Enrollment Management unit during 2002. The college contracted with Noel-Levitz, a nationally recognized resource for enrollment management strategies. Suggestions made by the consultant regarding staffing patterns, target markets, and data management are being implemented. The comprehensive and user-friendly database management system which will soon be available through ConnectND will greatly assist the enrollment management initiative. Plans to use tuition waivers to encourage enrollment from out of state and Canada will be strengthened with implementation of a more effective data management system.

V. Budget

Includes Salaries, Operating, and Equipment as one line item (Operations) and a line item for Capital Assets in SB2003 and encompasses only General Fund Appropriations, not tuition income.

First, let us compare the General Fund appropriation for the 2001-03 biennium (excluding funding for major Capital Assets, one-time legislative initiatives, special SBHE pool allocations besides the NDUS Equity Pool distribution, and General Fund carryover) with the hold-even budget request for the 2003-05 biennium (excluding major Capital Assets):

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Comparison of 2003-2005 Hold-Even Request and 2001-2003 General Fund Budget

	Hold-Even 2003-05 Request	2001-03 General Fund Budget	(Reduction) or Addition
Operations	$5,324,561[1]	$4,990,239	$42,217
Capital Assets (excludes major projects)	$44,831	$74,831	($30,000)
Totals	$5,077,287	$5,065,070	$12,217

1 The 2003-05 requested GF appropriation for extraordinary repairs reflects proposed re-allocations to Operations needed to cover "cost-to-continue" items (additional FY03 salary increases, health insurance premiums @ 16.84%, salary increases of 2% per year, and general operating inflation not covered by other internal re-allocations and tuition increases

The Lake Region State College request was for an increase of 12,217 dollars over the 2001-03 General Fund appropriation. The increase of 12,217 dollars was requested to restore a net reduction of the 1.05% General Fund Allotment after internal re-allocations of Capital Assets were made to offset "cost-to-continue" items. Next, let us compare the General Fund appropriation of the 2003-2005 Needs-Based (Parity Funding) Budget and the 2003-2005 Hold-Even Request:

Comparison of 2003-2005 Needs-Based Budget and 2003-2005 Hold-Even Request

	Needs-Based (Parity) 2001-03 Budget	Hold-Even 2003-2005 Budget	(Reduction) or Addition
Operations	$5,347,092	$5,032,456	$314,636
Capital Assets (excludes major projects)	$44,831[1]	$44,831[1]	$0
Totals	$5,391,923	$5,077,287	$314,636

1 *The 2003-05 requested GF appropriation for capital assets reflects one of the proposed re-allocations to Operations needed to cover "cost-to-continue" items.*

The Needs-Based (Parity) Budget includes 314,636 dollars more in Operations than requested in the Hold-Even Budget. This amount is needed to restore an instructional program cut of 85,000 dollars, an equipment budget cut of 44,941 dollars, and the capital asset budget cut of 30,000 dollars. The additional one-percent salary increase would be funded with 52,388 dollars, and 102,315 dollars would be used to eliminate 158 dollars of a projected 200-dollar per-year tuition increase.

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Budgets for LRSC were calculated on the basis of a 16.84-percent increase in health insurance premiums, a 2-percent per-year salary increase, operating inflation of 2.5 percent per year, and the continuation of the FY03 legislative salary increase. In an effort to balance the Hold-Even Budget, internal re-allocations and expenditure reductions were proposed, but in addition, a substantial tuition increase of 200 dollars per year was proposed. The Governor's Budget does not relieve the pressure of instituting a substantial tuition increase. In fact, additional tuition increases will be necessary to cover the 20.43-percent increase in health insurance since only 16.84 percent was calculated in the LRSC budget.

Besides maintaining an affordable tuition rate for students, faculty and staff salary increases continue to be among the college's greatest priorities. Faculty and staff salaries remain well below the regional average. Lake Region State College has utilized whatever flexibility it has been provided by the State Board of Higher Education and the Legislature to increase salaries in the last three biennia. In addition, Lake Region State College has internally re-allocated resources to meet additional salary increases mandated by the SBHE's Six-Year Plan. These internal re-allocations have come at the expense of the flexibility needed to meet rapidly changing instructional demands—the essence of a community college delivery system. The funding for the cost-to-continue salary increases given in FY03, along with new salary increases, was not included in the Governor's Budget for the 2003-05 biennium. The funding shortfall related to these salary increases poses an enormous problem for Lake Region State College if not added back to the appropriation for 2003-2005. Lake Region State College employs a minimum number of staff and faculty to carry out its mission; there simply is no room to cut positions without curtailing delivery of services.

The restoration of the cost-to-continue amounts have been proposed to be reinvested in the institution to reduce the proposed tuition rate increase and to enhance distance education activities. In addition, the equipment and capital asset budgets would be restored.

The continuation of condensed line items and removal of income from the appropriation process are strongly supported by Lake Region State College. The flexibility needed to manage the business of

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higher education today is enhanced by eliminating income in the appropriation process and allowing institutional managers to make budget adjustments to various line items as fluctuations in income would dictate. Management of the institution takes place on the individual campus; the proper tools must remain in the hands of those managers.

VI. Equipment/Capital Maintenance/Major Repairs/Major Projects

The college continues to seek funding for adequate equipment for high-tech vocational programs to provide state-of-the-art training. The North Dakota University System Strategic Plan and Long Term Financing Plan provides the mechanisms to permit campuses to update equipment and technology to provide education and training that is current with business, industry, and research standards.

Lake Region State College was appropriated 74,831 dollars for the 2001-03 biennium for major repairs/remodeling expenditures. The amount is really not adequate to meet the needs of an institution of this size. The Governor's Budget for 2003-2005 provides a pool to the NDUS for extraordinary repairs, but it does not appear to contain adequate funds.

The college has always sought funding from several sources to address capital projects before requesting state dollars. For example, a new Welcome Center/Entrance/addition during the current biennium was entirely funded by community gifts. Last biennium, the Community College Foundation recognized the need for renovation of the auditorium and committed to raising half of the dollars needed. Another example, the college recognized the need for a connecting road on the north side of the campus. The college worked with the North Dakota Telephone Company, and an agreement was reached. The North Dakota Telephone Company built the connecting road in exchange for lease of land to build an office building. We're very proud of this cooperative venture which demonstrates that by working together we can solve difficult problems.

The College Master Plan identifies several long-term needs which have been prioritized as being most critical. They include the science lecture bowl and laboratories, campus networking, a technical

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training facility, and storage and parking on the north side of the building.

Campus networking is an ongoing need. The science laboratories have been not updated since they were built in 1966 and are very worn and outdated. Through renovation of the laboratory and classroom space, we will be able to provide state-of-the-art education and a safer, more healthful environment.

Projects completed last year include asbestos removal in the student union basement, re-surfacing the main entry road, and upgrading of the fire alarm system in the Erlandson Building. The asbestos removal was funded with dollars from the asbestos lawsuit. Re-surfacing was funded with local parking fee funds. The fire alarm upgrade was funded through appropriated ADA funds.

VII. Tuition Levels

The current tuition level for two-year colleges in North Dakota is among the highest in the nation. The North Central Association Accreditation Team identified tuition level as the most serious problem facing the college in the next decade. The philosophy of the community college is that all persons will have access to education and/or training. Community college tuition is kept low in most states as an investment in a trained workforce for economic development. Holding the line of tuition increases at two-year colleges will assist us in coming into line with regional tuition and will provide more accessible education and training for persons entering the workforce. The current state of the 2003-2005 budget proposal is counter-productive to North Dakota's desire to provide affordable, accessible education.

VIII. Closing Comments

I have taken the time to share with you a bit of our development and direction so that you will have a reference point for reviewing our budget requests and priorities. The major direction for the institution in the coming biennium will be to continue to improve vocational/technical program and distance educational offerings, lead the workforce training model for the northeast quadrant of the state in support of economic development, improve faculty and staff salaries, facilitate the transfer process for students,

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strive to provide access by maintaining affordable tuition, and provide well-maintained, repaired equipment and facilities for students and staff.

The fiscal picture for the college under the Governor's Requested Budget is not positive in helping us meet these objectives. We support the Governor's effort but need assistance from the Legislature to be funded at an acceptable level.

We appreciate the support we have received in the last several bienniums despite state fiscal constraints. Legislative support has helped the college maintain long-term fiscal stability and institutional viability. Partnerships between the community and the state have brought the physical plant and site to excellent repair. We look forward to your continued positive support. May you be granted the wisdom to sort out the pressing needs with fairness and sensitivity.

I will be happy to respond to any questions you may have about our proposed budget and projects priorities.

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TidBits 2002 ...

... interesting snatches of info about Lake Region State College

ment:

Headcount History		FTE History	
Fall 2002	1,340	2002	640
Fall 2001	1,308 *	2001	627 *
Fall 2000	902	2000	492
Fall 1999	805	1999	474
Fall 1998	826	1998	492
Fall 1997	738	1997	439
Fall 1996	704	1996	437
Fall 1995	723	1995	479
Fall 1994	705	1994	455
Fall 1993	634	1993	442

** New method of counting began in FY01 includes students served through distance delivery and outreach education*

Students Served:

94% of on-campus students are from North Dakota (83% North Dakota, 11% North Dakota military).
54% of students are women, 46% are men.
31% of students are "older than average" *(25 and older)*.
87% of students are white/non-Hispanic, 4.3% Native American, 3% black, 2.46% Hispanic
Since 1941, the college has served over 40,000 students

Financial Aid:

95% of freshmen received some form of financial aid.
90% of continuing students received some form of financial aid.
212 students received Community College Foundation-funded scholarships in 2001/2002.

	PELL		Total Financial Aid
Year	# of Students	Total Dollars	Total Dollars
2001/2002	336	$705,229	$2,036,790

Included in the total financial aid listed above are grants, scholarships, loans, and other outside financial aid.

Faculty:

- Twenty-eight faculty teach full-time
- Twelve full-time faculty teach in academic-transfer programs. Academic qualifications include:

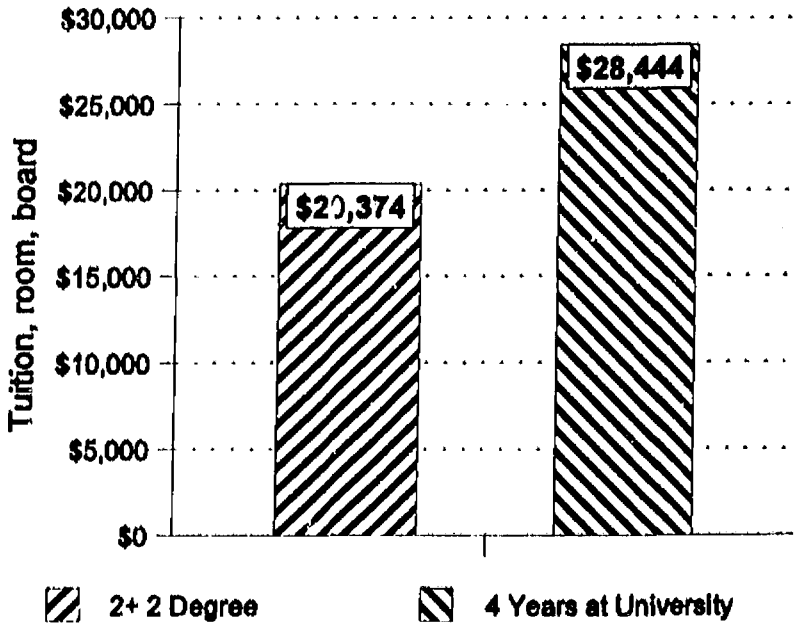
  1 Bachelor of Arts degrees
  4 Bachelor of Science degrees
  6 Masters degrees
  1 PhD degree

- Sixteen full-time faculty teach in vocational-technical programs. Academic qualifications include:

  1 Associate of Arts degree, supplemented with extensive on-the-job experience, working toward BS
  9 Bachelor of Science degrees, two working to complete Masters degree programs
  5 Masters degrees
  ıris Doctorate

- Twenty *(approximate)* instructors are hired on a part-time basis each semester.

Average Cost of Bachelors Degree *



Lake Region State College Education Costs

Tuition/Fees	$2,476
Room and Board	3,250
Books	600
Total	$6,326

** Assuming student lives at home during first two years*

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Individuals Served by Lake Region State College during 2000/2001

On-Campus Enrollment	Outreach *(i.e.,Grand Forks Air Force Base)*	Continuing Education	Economic Development *(i.e., Workforce Training)*
To provide academic courses and programs that lead to an associate in arts degree, meet North Dakota University System General Education requirements, and allow for seamless transfer to baccalaureate-granting institutions.	To provide outreach educational opportunities for individuals who are time- and/or place-bound	To provide opportunities for continuing and life-long learning in the form of cultural, educational, occupational, social, athletic, and vocational programs, courses, workshops, and institutes.	To develop linkages with businesses, industry, and organizations to encourage economic development.
To provide courses and programs in vocational and technical career training that lead to a certificate of completion, a diploma, or an associate in applied science degree preparing students for an immediate career, advancement in specific occupations, or transfer to an articulated technical baccalaureate program.		Continuing Education: Non-Credit ..... 465 Adult Basic Education: Non-Credit ..... 130 Community Events 35,000-45,000	
Unduplicated headcount 1,481	Unduplicated headcount ... 1,123		Unduplicated headcount . 1,391

Program	Certificate	Diploma	Associate in Arts	Associate in Applied Science
Accounting/Business Administration			X	
Administrative Assistant *(Secretary)*	X	X		X
Agri-Farm Business Management		X		X
Automotive Technician	X	X		X
Child Care Specialist	X			X
Diesel Technician	X			X
Information Technologies *(Computer)*	X			X
Law Enforcement				X
Liberal Arts *(Academic Transfer)*			X	
Legal Assistant *(Paralegal)*				X
Marketing/Merchandising	X			X
Nurse Assistant	X			
Office Management				X
Peace Officer Training	X			
Practical Nursing				X
Sign Language and Interpreting	X			
Simulator Technologies *(Electronics)*				X

Fiscal Year	CCF Gifts/Pledges	CCF Scholarship Budget Allocation	Scholarships provided by CCF and Thelin Trust
2001/2002	$ 220,763	$ 100,000	$ 121,064
2000/2001	354,566*	94,000	133,937
1999/2000	209,639	84,000	137,412
1998/1999	202,720	79,000	131,552
1997/1998	212,740	74,250	107,686
1996/1997	425,938*	70,000	112,471
1995/1996	240,657	65,000	111,297
1994/1995	374,861*	60,000	95,426
1993/1994	206,311	57,750	86,716
1992/1993	515,000*	52,500	71,020
1991/1992	152,575		
TOTAL	$ 3,115,770	$ 736,500	$ 1,108,581

** includes large estate gift or donation to capital campaign*

Local dollars raised for Library Expansion Project ..... $ 528,771.00
Local dollars raised for Auditorium Renovation Project 564,827.75
Local dollars raised for Welcome Center Project (as of November 8, 2002) ..... approx. $258,000.00

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Lake Region State College
Enrollments by Term

Semester	Year	Term	Session	Headcount	Full-Time	Part-Time	FTE
Fall	1994	951	OC0	705	375	330	455
Fall	1995	961	OC0	723	395	328	479
Fall	1996	971	OC0	704	358	346	437
Fall	1997	981	OC0	738	339	399	439
Fall	1998	991	OC0	826	383	443	492
Fall	1999	001	OC0	805	355	450	474
Fall	2000	011	OC0	902	348	554	491
Fall	2001*	021	OC0	1,308	364	944	624
Fall	2002	031	OC0	1,340	402	938	652
Spring	1995	953	OC0	667	359	308	429
Spring	1996	963	OC0	679	373	306	455
Spring	1997	973	OC0	663	341	322	423
Spring	1998	983	OC0	795	332	463	442
Spring	1999	993	OC0	803	363	440	493
Spring	2000	003	OC0	727	330	397	436
Spring	2001	013	OC0	851	330	521	476
Spring	2002	023	OC0	1358	344	1014	621
Summer	1996	964	OC0	110	0	110	28
Summer	1997	974	OC0	106	5	101	33
Summer	1998	984	OC0	108	6	102	34
Summer	1999	994	OC0	126	16	110	51
Summer	2000	004	OC0	184	6	178	52
Summer	2001	014	OC0	674	18	656	187
Summer	2002	024	OC0	678	39	639	203

* New method of counting began fall 2001 which includes students served through distance delivery and outreach education.

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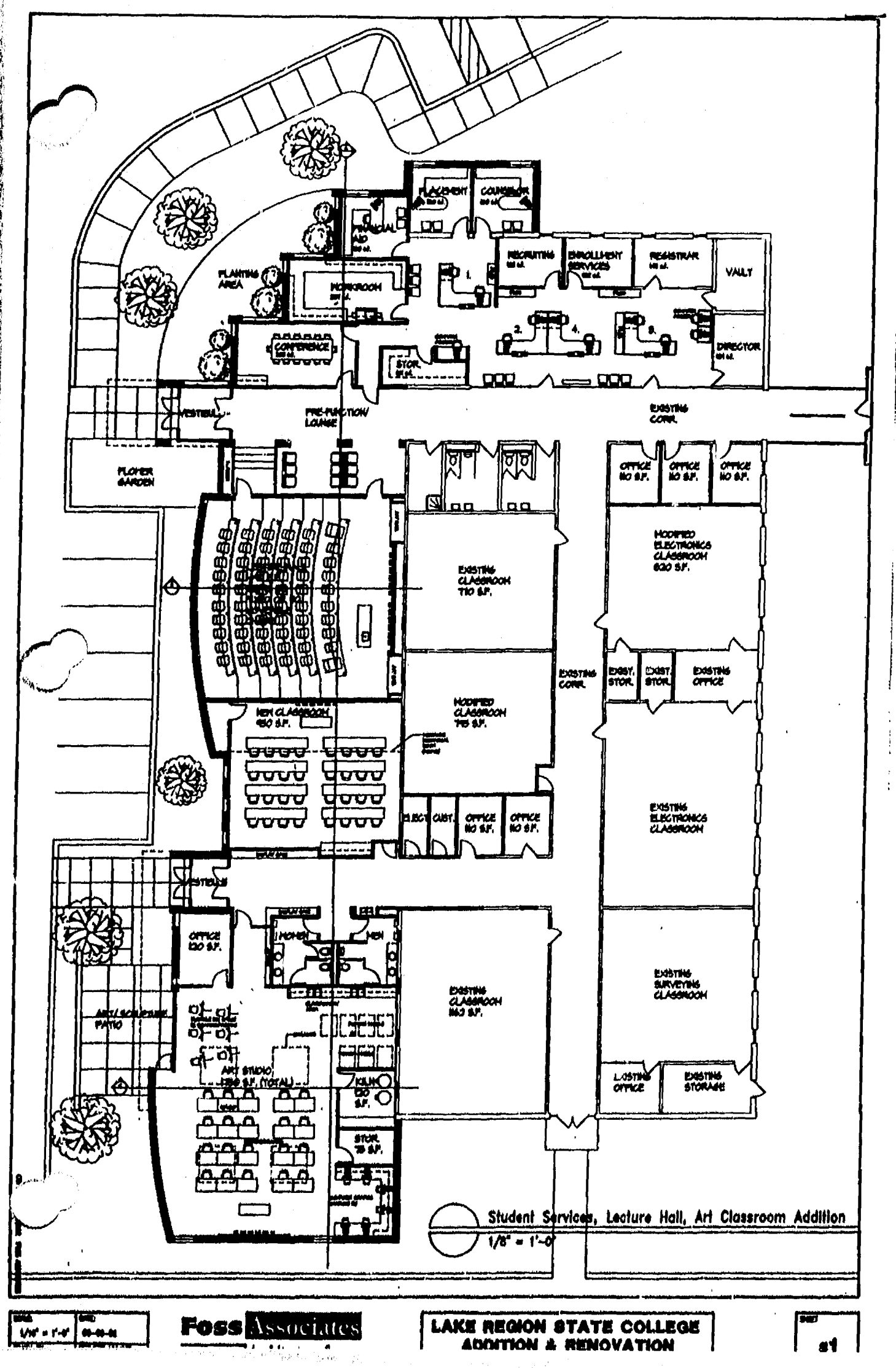

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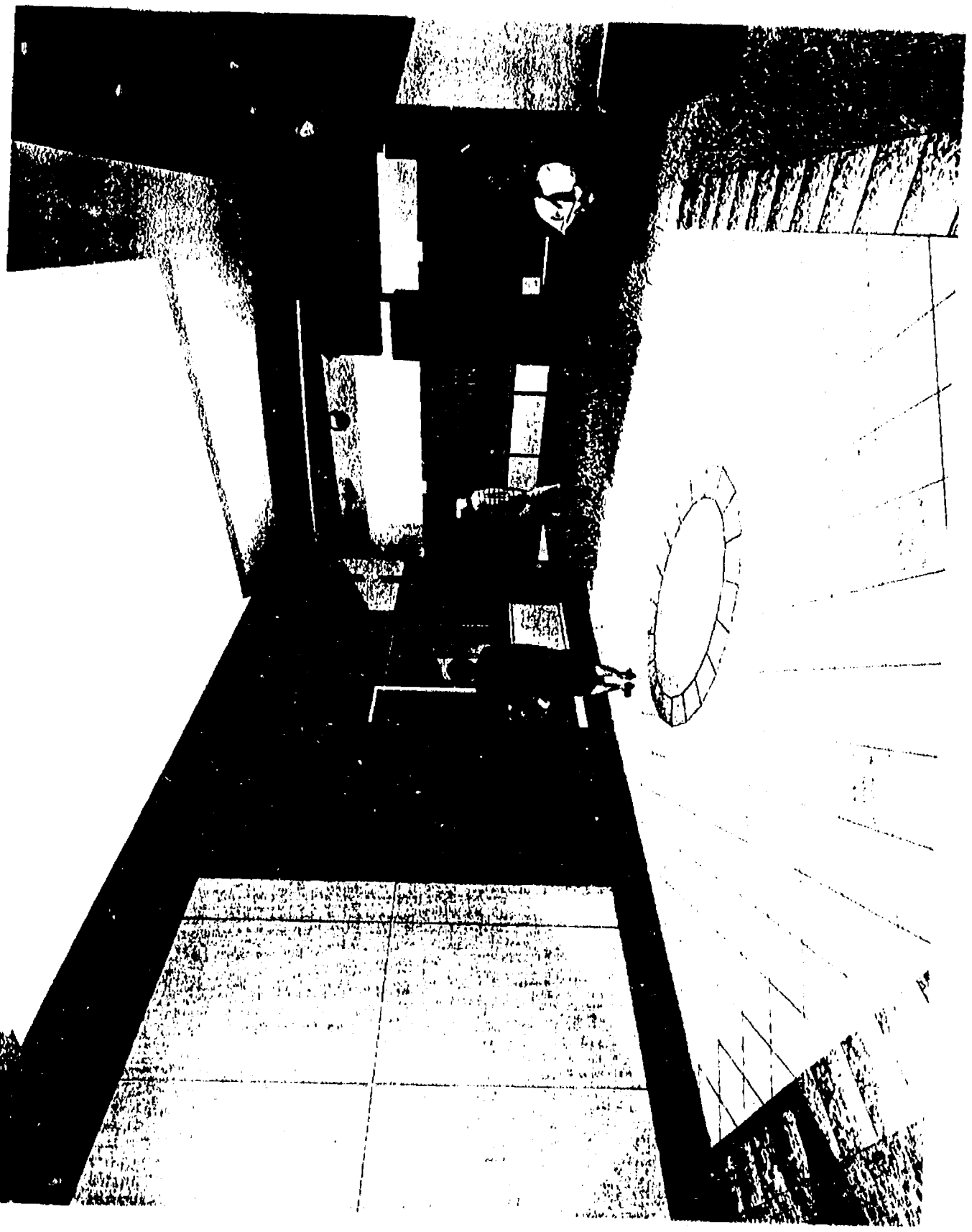

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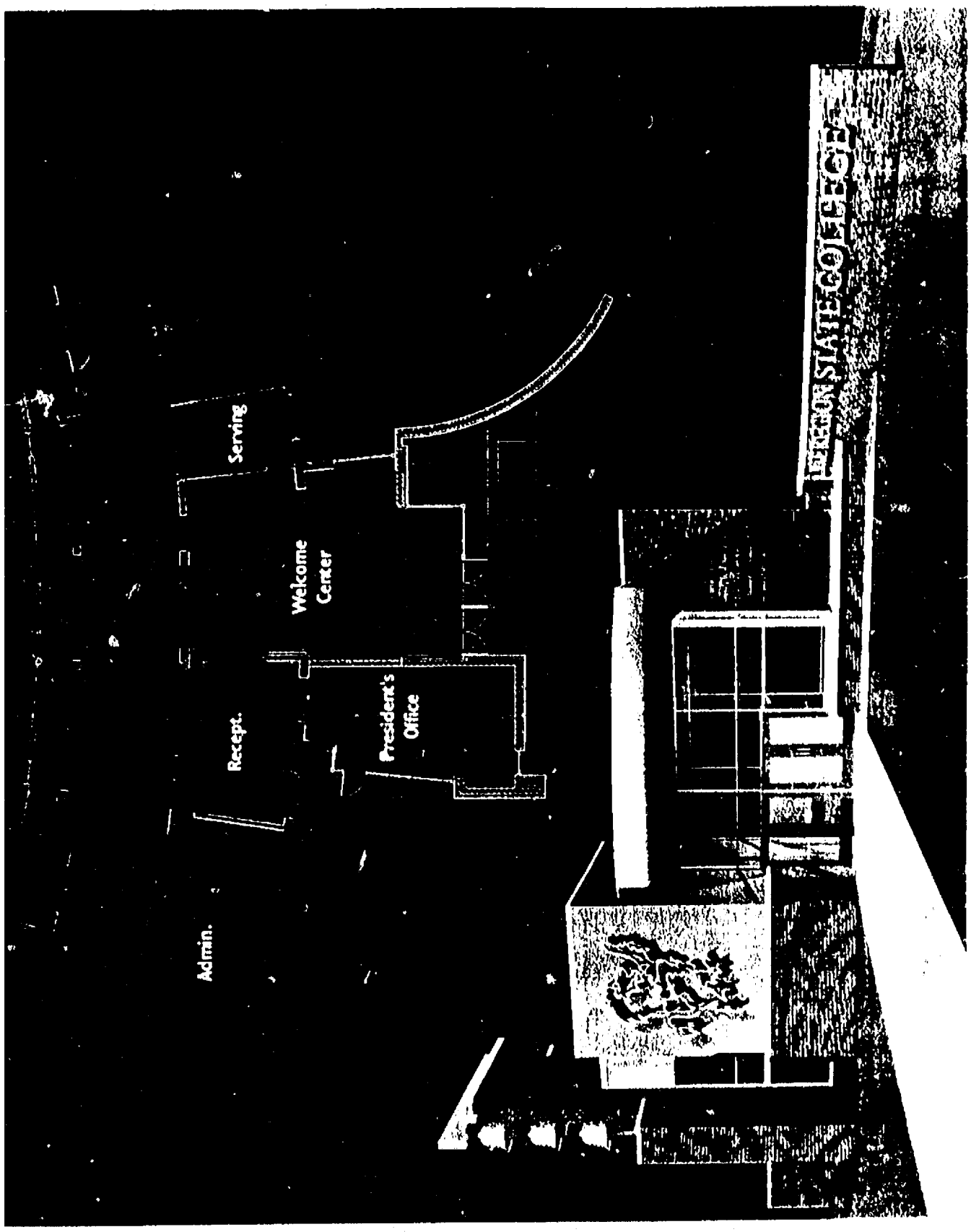

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Lake Region State College
Estimated 03-05 Biennium Costs Not Funded in the Executive Budget Recommendation
General Fund Appropriation and Tuition Budget

Est Cost to Continue FY03 Leg. Funded Salary Increases (Note #1)	Est (Net) Cost to Continue Internally Funded Salary Increases (Note #2)	Est Cost of 2.5%/YR Operating Inflation	Est Cost of 20.43% Health Insurance Increase	Est Cost of 1% and 2% Governor's Salary Increase Recommendation	Est Cost to Fund the Extraordinary Repair Budget (Note #3)	Total Estimated Increases
44,009	64,000	91,226	93,663	45,885	74,831	413,614

Note #1 - The base budget for the 03-05 Biennium includes an amount for both years to fund salary increases awarded in FY02 but funding for only one year of the salary increases awarded in FY03.

Note #2 - The LRSC salary and fringe benefit budget was increased by approximately $217,000 during the 01-03 Biennium. Of that amount, $75,000 was awarded in FY03 and funded by equity funding received from a NDUS Board Office Pool. $90,000 was funded by the Legislature in 01-03. The Executive Budget Recommendation includes $150,000 of equity funding to cover two years of the $75,000 award. The balance of $52,000 was funded by the institution and would require double that amount, or $104,000, to maintain salaries and fringes at that level. The $104,000 is offset by $60,000 of tuition revenue projected to be generated by the continuation of a $100 rate increase made in FY03; the net cost to cover would be $64,000.

Note #3 - The Extraordinary Repair budget ($74,831 in the 01-03 Biennium) was removed in the Executive Budget Recommendation. A pool of funds was added to the NDUS Office budget but it is not known how much LRSC would receive from that pool.

Comments:
If the Legislature does not provide additional funding, the following methods could be considered to cover the extra costs.
A) Institute a 21% tuition increase or
B) Reduce the Extraordinary Repair budget by $40,000 and institute a 19% tuition increase or
C) Reduce the Extraordinary Repair budget by $40,000, institute a 10% tuition increase, and cut other areas by $173,000 or
D) Other

SENATE APPROPRIATIONS COMMITTEE HEARINGS
Engrossed House Bill 1003

Lake Region State College
March 3, 2003

Same testimony with exception of three pages presented to House Approps on 1-14-03

I. The College

Lake Region State College is one of eleven campuses within the North Dakota University System. The college was founded in 1941 and has been serving North Dakota students for over sixty years. Enrollment grew by 430 percent during the sixties, from 119 full-time students in 1960 to 516 full-time students in 1969. College facilities were overflowing with students, and a building project was launched. The college moved to its present, twenty-acre campus and into a new one-story, two-building complex in 1966. Since then, there have been several additions to the original structures.

To reflect the changes that occurred during this period of expansion, the name of the college was changed in August 1981 from Lake Region "Junior" College to Lake Region "Community" College. The college Mission Statement was also extensively revised to reflect the intent to address three broad levels of educational need throughout the service community—the need for an academic-transfer program, for vocational-technical programs, and for community education services. The college continued in this direction throughout the next two decades.

Lake Region State College, Williston State College, and Bismarck State College entered the North Dakota University System on July 1, 1984 during the beginning of the turbulent eighties. The college was immediately faced with mandatory budget cuts to respond to the state's budget shortfall, referrals which reduced revenues further, suggested solutions which often threatened the very existence of the institution, and tuition increases which placed North Dakota two-year college tuition among the highest in the nation.

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The budget restraints of the eighties forced Lake Region State College to critically examine its very foundation and historic mission. This examination resulted in a planning effort which focused on development of strategies through which Lake Region State College's Mission—" . . . to be responsive to distinctive educational needs in the immediate service area and the State of North Dakota . . . ,"—could be achieved on a cost-effective basis. The institutional planning process led to development of short- and long-range goals, strategies, and action plans to tighten operations without cutting off the future. This focused effort over the last two decades has resulted in reduction of low-enrollment programs that were not cost-effective and re-allocation of some of the saved resources to add new programs and update current curriculums.

In July 1999, the college was assigned a new mission to deliver workforce training. In the bill assigning the new mission, the Legislature created independent colleges—Lake Region State College and Williston State College—to lead the workforce training efforts in the northeast and northwest quadrants of the state. North Dakota State College of Science and Bismarck State College were assigned the southeast and southwest quadrants. The development of the Workforce Training system is part of a continuing effort to strengthen the role and contribution of community colleges in North Dakota. Recently, Alan Greenspan cited community colleges as the greatest hope for keeping the American workforce abreast of technology changes.

The college is one of over twelve hundred community, junior, and technical colleges in the United States providing students the opportunity to access education and training in their local communities. Today, over one-half of all entering freshmen begin their college careers at two-year institutions. The average age in most two-year colleges is between twenty-eight and thirty-two. In addition to providing access for older, place-bound students, Lake Region State College provides a less expensive alternative for young, entering freshmen beginning their studies. The average cost today of a bachelor degree at one of North Dakota's universities is more than 28,000 dollars. If a student spends two years at a two-year

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college—living at home and commuting—and then transfers to a university, the cost is approximately 20,000 dollars. In an article in Money Magazine College Guide titled "The Bargain in Your Own Backyard," the author says, *"If someone told you there was a secret strategy that could get you a college education at nearly half-price, you'd probably dismiss him as a daydreamer. Yet, that strategy exists. You simply spend your first two years at a low-cost, public community college and then transfer to a four-year school. The result: You can cut the cost of a bachelor's degree by as much as 40 percent."* The article notes that one does this by paying a lower average tuition and saving approximately 3,000 dollars per year by commuting and not paying additional room and board. This strategy helps students reduce the debt load they carry upon leaving college.

North Dakota's two-year colleges are not only a bargain, they also provide an excellent education. With no research facilities nor graduate programs, community college professors can concentrate on teaching and advising students. In the years I have been working with instructors from the five two-year colleges through a Bush faculty development grant, I have been impressed with the level of dedication and expertise of the faculty at these two-year colleges. Because of these instructors' commitment to teaching and smaller class sizes, fewer students are "washed out" in their vulnerable first years. A review of the progress of our transfer students shows that they perform as well as students who start at the university, which is impressive since many of them began with less preparation. I believe North Dakota has a particularly advantageous structure with all types of institutions represented in the North Dakota University System. As I mentioned in my testimony for the Vocational/Technical Education Bill, North Dakota has an underdeveloped Community College System. We need to continue to look at how to improve our delivery of Associate Degrees and Certificate Programs to the entire state. The College Technical Council has made important strides in recent years. We need the diversity of the educational institutions in the North Dakota University System to meet the needs of all of our students, from certificate and diploma offerings to masters and doctorate programs.

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Further evidence of quality education at the college is that Lake Region State College received a 10-year re-accreditation with no follow-up visits in March 2001. The consultant team stated that the college has many strength and must be commended for that. One of those strengths was the backing Lake Region State College receives from the Lake Region area. The team also stated that LRSC receives great support from the city of Devils Lake. The consultants said the outpouring of support was the most they had seen at a community college. Other strengths specifically mentioned included:

- The vision, leadership, and advocacy of the president which contribute to the strength of the college;
- The exceptional effectiveness of the Community College Foundation in fund-raising for scholarships and capital improvements and in creating strong awareness of the college in the community;
- The outreach program at Grand Forks Air Force Base which serves an increasing number of constituents and strengthens the institutional resource base;
- The positive attitude of college personnel;
- The exemplary planning process;
- The support staff taking advantage, with institutional encouragement, of educational opportunities provided; and
- The participatory self-study process, careful writing and forthright analysis which produced a particularly useful document.

II. New Initiatives, Programs, and Developments

The Lake Region State College Planning Team annually looks at current and potential programs to meet the needs of the northeast quadrant and of the entire state of North Dakota. The planning team looks at labor market information and requests from various industries within North Dakota to determine which new programs to develop. Many of the programs developed include partnerships with industry or other University System institutions. These partnerships provide additional opportunities for students while maximizing the use of resources.Since the mid-eighties, college personnel have been working to change programming, not only to react to tremendous fiscal challenges, but to be creatively prepared to meet projected changes in job skill levels. The College Planning Team has been cognizant of changing training and education needs for skilled workers. Many unskilled jobs have changed to skilled jobs in the last several decades—and this shift will continue into the next several decades. In 1950, professional education—four-year baccalaureate and above—was required for twenty percent of available jobs, skilled

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training and education—two-years or less—was required for twenty percent of jobs, and no special training nor education beyond high school graduation was required for sixty percent of jobs. According to the US Labor Department, the demand for jobs needing a four-year degree is expected to grow to around 25 percent over the next 10 years. Technical jobs, in comparison, will grow steadily to 65 percent of jobs requiring technical skills by the end of this decade. At the same time, the unskilled share of the workforce will decline to 10 percent by the end of the decade.

What does this mean for higher education? If these trends continue, the need for professional education will remain strong and continue to grow in relation to the number of expanding jobs. However, great change has already begun in the skill levels of blue- and pink-collar jobs and will explode in the next decade. Persons with limited skills will be relegated to low-tech, low-paying jobs. Unless America's workforce is rapidly brought to international skill levels, our society will lose its great working middle class and will bifurcate into a two-class system—the "haves" and "have-nots."

Lake Region State College, individually and as part of the North Dakota University System, has made concerted efforts to respond to these changes in job requirements. In recent years, the college has re-allocated resources from lower-skill, under-enrolled curriculums to high-tech curriculum offerings. Cognizant of the need for people to re-train and re-position their job skills many times throughout their lives, we have expanded our re-training efforts. We have also linked high-tech programs to four-year programs whenever possible to provide students with the much-needed professional credentials they need to maintain high-quality employment.

The two-year colleges in the North Dakota higher education system have begun an exciting endeavor to provide a more coherent, responsive set of program offerings state-wide to meet the shift in unskilled to skilled job requirements. The State Board of Higher Education approved formation of the College Technical Education Council (CTEC) as a means of more systematically reviewing training and education needs for the skilled worker level—two years of college or less. In the past, as new job requirements developed, the post-secondary, two-year system was in a response mode rather than a

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proactive planning mode. As pressure for new programs developed, two-year colleges would respond individually—often competitively—to the need. This approach was costly, inefficient, and slow. Working as a team—with input from the secondary system of vocational-technical programs, State Board for Vocational/Technical Education staff, Job Service North Dakota, the Governor's Workforce Development Council, and other entities—two-year, post-secondary institutions are charting a plan to meet emerging needs rather than merely respond as pressure for new training needs builds.

Through CTEC, the two-year colleges have spent considerable time during the past five years building a system which has 1) identified campus strengths through a program-mapping process, 2) created a Workforce Training unit, 3) developed a follow-up information system to track graduates, 4) organized a North Dakota Community College Consortium of faculty and administration to design cooperative faculty development programs and to write collaborative grants, and 5) collaboratively undertaken and state-wide needs assessment for new vocational/technical programming. CTEC members have taken a leadership role in development of a general education agreement and common course numbering project which is making transfer easier for students.

Program Updates

The college, in partnership with the North Dakota School for the Deaf, has developed a **Sign Language and Interpreting Studies program.** There is a critical shortage of trained sign language interpreters in the state. There are only eleven full-time educational interpreters in North Dakota who must meet the needs of 148 deaf children enrolled in public schools throughout the state and at the North Dakota School for the Deaf. The shortage of interpreters—not only in North Dakota, but nationwide—has pushed wages upward. Hourly wages range from nine dollars per hour to as much as fifty dollars per hour for highly skilled interpreters.

The program began enrolling students in January, 2001. Lake Region State College's first class of Sign Language and Interpreting Studies students graduated May 10th 2002. Ten students completed the

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Comparison of 2003-2005 Hold-Even Request and 2001-2003 General Fund Budget

	Hold-Even 2003-05 Request	2001-03 General Fund Budget	(Reduction) or Addition
Operations	$5,032,456[1]	$4,990,239	$42,217
Capital Assets (excludes major projects)	$44,831	$74,831	($30,000)
Totals	$5,077,287	$5,065,070	$12,217

[1] The 2003-05 requested GF appropriation for extraordinary repairs reflects proposed re-allocations to Operations needed to cover "cost-to-continue" items (additional FY03 salary increases, health insurance premiums @ 16.84%, salary increases of 2% per year, and general operating inflation not covered by other internal re-allocations and tuition increases

The Lake Region State College request was for an increase of 12,217 dollars over the 2001-03 General Fund appropriation. The increase of 12,217 dollars was requested to restore a net reduction of the 1.05% General Fund Allotment after internal re-allocations of Capital Assets were made to offset "cost-to-continue" items. Next, let us compare the General Fund appropriation of the 2003-2005 Engrossed House Bill 1003 Budget and the original 2003-2005 Hold-Even Request:

Comparison of 2003-2005 Engrossed HB1003 Budget and original 2003-2005 Hold-Even Request

	Engrossed HB1003 2003-05 Budget	Original Hold-Even 2003-2005 Budget	(Reduction) or Addition
Operations	$4,963,824	$5,032,456	$(68,632)
Capital Assets (excludes major projects)	$44,831	$44,831[1]	$0
Totals	$5,008,655	$5,077,287	$(68,632)

[1] *The 2003-05 requested GF appropriation for capital assets reflects a proposed re-allocation to Operations needed to cover "cost-to-continue" items.*

Engrossed HB 1003 reduces 68,632 dollars from the Operations level requested in the original Hold-Even Budget. The 68,632 dollar reduction comes at a time when LRSC is already struggling to find a way to cover 367,200 dollars of cost to continue operating inflation, health insurance increases, and

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dictate. Management of the institution takes place on the individual campus; the proper tools must remain in the hands of those managers.

VI. Equipment/Capital Maintenance/Major Repairs/Major Projects

The college continues to seek funding for adequate equipment for high-tech vocational programs to provide state-of-the-art training. The North Dakota University System Strategic Plan and Long Term Financing Plan provides the mechanisms to permit campuses to update equipment and technology to provide education and training that is current with business, industry, and research standards. In order for Lake Region State College to meet its equipment needs, the Long-Term Financing Plan must receive adequate funding.

Lake Region State College was appropriated 74,831 dollars for the 2001-03 biennium for major repairs/remodeling expenditures. The amount is really not adequate to meet the needs of an institution of this size. The Engrossed HB 1003 for 2003-2005 does not contain adequate funds.

The college has always sought funding from several sources to address capital projects before requesting state dollars. For example, a new Welcome Center/Entrance/addition during the current biennium is entirely funded by community gifts. Last biennium, the Community College Foundation recognized the need for renovation of the auditorium and committed to raising half of the dollars needed. Another example, the college recognized the need for a connecting road on the north side of the campus. The college worked with the North Dakota Telephone Company, and an agreement was reached. The North Dakota Telephone Company built the connecting road in exchange for lease of land to build an office building. We're very proud of this cooperative venture which demonstrates that by working together we can solve difficult problems.

The College Master Plan identifies several long-term needs which have been prioritized as being most critical. They include the science lecture bowl and laboratories, campus networking, a technical training facility, and storage and parking on the north side of the building.

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Lake Region State College
Estimated 03-05 Biennium Costs Not Funded in Engrossed HB 1003
General Fund Appropriation and Tuition Budget
Prepared for Senate Appropriations Hearing of March 3, 2003

Proposed Funding Source Based on NDUS Long-Term Financing Plan	20.43% Health Insurance Increase	2% Per Year Salary Increase for 03-05	Continue FY03 Leg. Funded Salary Increases (Note #1)	2.5% Per Year Oper. Inflation, including Utilities	Sub-Total 03-05 Costs Not Funded in Hold-Even Budget Request	Additional Restorations Needed to Engrossed HB 1003: Restore Extraordinary Repair Budget to 01-03 Budget Level	Additional Restorations Needed to Engrossed HB 1003: Restore HB 1003 Reductions Made to Hold-Even Budget Request	Total Estimated 03-05 Costs Not Funded
General Fund	70,247	103,727	33,007	68,419	275,400	30,000	68,632	374,032
Tuition	23,416	34,576	11,002	22,806	91,800	-	-	91,800
Totals	93,663	138,303	44,009	91,225	367,200	30,000	68,632	465,832
LESS: Continuation of FY03 $100 per year tuition increase (based on projected 600 FTE).								(60,000)
Balance of Unfunded Costs								405,832

Note #1 - The Hold-Even budget for the 03-05 Biennium includes an amount for both years to fund salary increases awarded in FY02 but funding for only one year of the FY03 salary increases.

SHARED OPTIONS to MEET UNFUNDED COSTS of $405,832:

Option #1

Additional State Appropriations	300,000	
Tuition increase of 4.9% per year	105,832	Note: Full-time resident rate for FY05 would be $2,048 ($266 higher than current FY03 rate).
Total	405,832	

Option #2

Additional State Appropriations	250,000	
Tuition increase of 7.3% per year	155,832	Note: Full-time resident rate for FY05 would be $2,182 ($400 higher than current FY03 rate).
Total	405,832	

Option #3

Additional State Appropriations	200,000	
Tuition increase of 9.6% per year	205,832	Note: Full-time resident rate for FY05 would be $2,312 ($530 higher than current FY03 rate).
Total	405,832	

Option #4

Additional State Appropriations	150,000	
Tuition increase of 12.0% per year	255,832	Note: Full-time resident rate for FY05 would be $2,449 ($667 higher than current FY03 rate).
Total	405,832	

Comments:
Each tuition increase of 1% per year generates approximately $21,400 for the bienni ased on projected enrollment of 600 FTE.

Prepared by the North Dakota Legislative Council
staff for House Appropriations
January 13, 2003

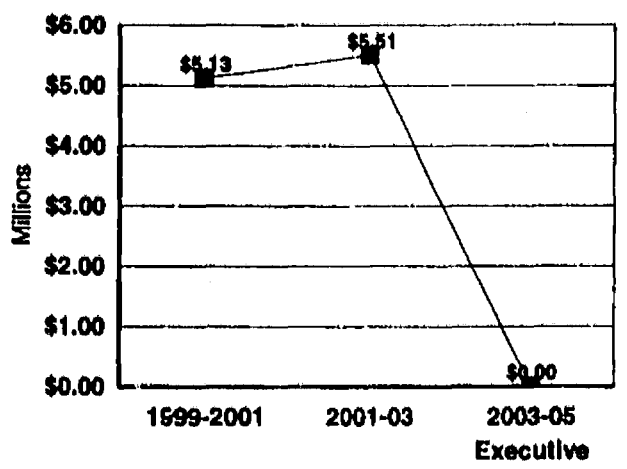
Department 229 - Williston State College
House Bill No. 1003

	FTE Positions	General Fund	Other Funds	Total
2003-05 Executive Budget	0.00	$0	$0	$0
2001-03 Legislative Appropriations	50.23	5,513,664[1]	0	5,513,664[2]
Increase (Decrease)	(50.23)	($5,513,664)	$0	($5,513,664)

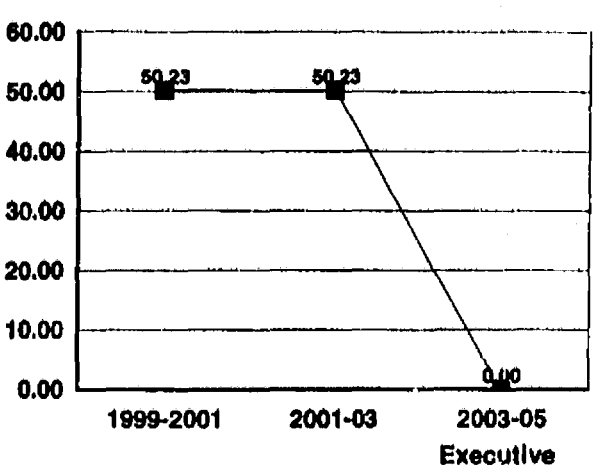
[1] The 2001-03 general fund appropriation is the amount appropriated by the 2001 Legislative Assembly and does not include a reduction of $59,363 relating to the 1.05 percent budget allotment ordered by Governor Hoeven in July 2002.

[2] The 2001-03 appropriation amounts include a general fund allocation of $34,433 from the equity and special needs funding pool appropriated to the University System. The 2001-03 appropriation amounts do not include general fund allocations of $110,000 from the equity and special needs funding pool, and $30,000 from the board initiatives funding considered to be one-time funding for the 2001-03 biennium.

Agency Funding - General Fund



FTE Positions



Executive Budget Highlights

	General Fund	Other Funds	Total
1. Consolidates funding for all higher education institutions into the University System office budget	($5,513,664)		($5,513,664)

Major Related Legislation

House Bill No. 1039 - Special funds continuing appropriation - This bill provides for the continuation of the continuing appropriation of higher education institutions' special revenue funds, including tuition.

House Bill No. 1040 - Unspent general fund appropriations - This bill provides for the continuation of the University System's authority to carry over at the end of the biennium unspent general fund appropriations.

House Bill No. 1041 - Budget request and appropriation - This bill continues the requirement that the budget request for the University System 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. The bill also continues the requirement that the appropriation for the University System include block grants for a base funding appropriation and for an initiative funding appropriation and an appropriation for asset funding.

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WSC Status Report
Fall 2002

- Fully accredited by the North Central Association
- College designated as a community college and assigned Workforce Training for Northwest North Dakota (July 1, 1999)
- College name changed to Williston State College (July 1, 1999)

Present Programs

Associate of Arts

Associate of Science

- *Aviation added Fall 2002*

Associate of Applied Science

- *Administrative Assistant/Accounting*
- *Administrative Assistant/Health Information Management*
- *Administrative Assistant/Information Processing*
- *Agriculture*
- *Automotive Technology*
- *Computer Science Specialist / Programmer*
- *Computer Science Specialist / Technician*
- *Diesel Technology*
- *Entrepreneurship*
- *General Technical Studies*
- *Marketing-Management*
- *Massage Therapy*
- *Medical Transcription*
- *Physical Therapy Assistant*
- *Practical Nursing*

Certificates

- *Administrative Assistant*
- *Administrative Assistant/Health Information*
- *Administrative Assistant/Information Processing*
- *Entrepreneurship*
- *General Technical Studies*
- *Marketing-Management*
- *Massage Therapy*
- *Medical Transcription*

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Distance Education

Internet Courses
NDUS Online (Associate of Arts and Medical Transcription AAS degrees available)
Interactive Television (ITV)
Interactive Video Network

Programs Under Consideration

- Entrepreneurial Tourism
- Paraprofessional Education (2 year colleges)
- Web Design

Athletics

Women's
- Volleyball
- Basketball
- Golf

Men's
- Baseball
- Basketball
- Golf

Economic Impact

- $18,000,000 direct
- $10,300,000 indirect

Credit Student Headcount Enrollment

- 770 students
- 73% full-time (561)
- 27% part-time (209)
- 63% women (488)
- 15% E-Learning (116)

- 12% Montana (93)
- 15% Out of State (114)
- 1% Canada (9)

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Credit Student Headcount Enrollment

- 63% Williams County (488)
- 72% Primary service area of Burke, Divide, Mountrail, McKenzie and Williams Counties (558)
- 85% North Dakota (652)

- 9% Minority Students
- 5% Indian Students (38)
- 7% below 18 years of age (56)
- 64% 18-24 years of age (488)
- 29% 25 & above years of age (226)

Credit Enrollment
Market Penetration in Primary Service Area

	Population in Area	Fall '01 Attending WSC	Fall '02 Attending WSC	Increase
15 – 24 Year Olds	5231	430	483	
Market Penetration		8.2%	9.2%	1.0%
25 – 54 Year Olds	16382	138	155	
Market Penetration		0.8%	0.9%	0.1%

Workforce Training 2001-2002

Served:
129 businesses (increased by 43 over previous year)
1994 employees (increased by 238 over previous year)
1799 hours of training (increased by 171 over previous year)
36 primary sector businesses (increased by 22 over previous year)

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Employees

- Full-time 67
- Part-time and adjunct 82

  - Administrators 3
  - Faculty 66
    - Full-time teaching 26
    - Full-time (part-time teaching) 8
    - Permanent part-time 4
    - Adjunct
      - On-campus 20
      - Off-campus 8
  - Staff 80
    - Full-time 30
    - Part-time 9
    - Part-time Students 41

Some Population Information

- Primary Service Area (Burke, Divide, McKenzie, Mountrail and Williams Counties)

1990	2000	Change
54,452	49,784	-8.8%

- Montana Service Area (McCone, Richland, Roosevelt, Sheridan and Valley Counties)

1990	2000	Change
39,962	34,036	-7.9%

- Workforce Training Counties (Bottineau, Burke, Divide, McHenry, McKenzie, Mountrail, Pierce, Renville, Ward and Williams Counties)

1990	2000	Change
135,214	131,242	-2.9%

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WSC Achievements for 2001 and 2002

First Cornerstone - Economic Development

1. WSC Workforce Training increased the number of primary sector businesses served from 15 to 36.

2. An entrepreneurship AAS degree was added to the marketing/management curriculum and online medical transcription AAS degree became available.

3. In support of economic development, oilfield related business/industry trainings initiated in the Williston area in partnership with the energy industry.

4. The WSC President is currently vice president of the Williston Area Development Foundation and meets monthly with the Tri-County Area Economic Developers group.

5. The contiguous student tuition rate was lowered to the in-state rate to attract students from Montana, South Dakota, and Canada.

6. WSC provides office and financial support for a Small Business Development Center on the WSC campus.

Second Cornerstone - Educational Excellence

1. Humanities have been enhanced in the disciplines of art, music, and sociology.

2. A plan to obtain NATEF certification for the diesel program has been revised. Capital funding has been requested from the SBHE to expand the diesel lab size by 8,400 square feet and add 2,000 square feet in cold storage.

3. Workforce training has contracted with Ed2go.com to offer training online and the number of online credit course sections has increased from 8 for '00-'01 to 16 for '01-'02.

4. UND Aerospace and WSC plan to offer the first two years of aerospace at WSC in collaboration with the Williston Airport Authority, area economic development agencies, local government, Williston Area Chamber of Commerce, Sloulin International Airport, Williston and ServAir West fixed base operation.

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Third Cornerstone –Flexible and Responsive System

1. Numerous partnerships have been started.

2. A Coordinator of Vocational programs for the Minot area has been hired through the assistance of SBHE campus initiative funding via a partnership of MiSU-Bottineau, MiSU, WSC, and Fort Berthold Community College. The major duty of this position is to increase access to Vocational Associate of Applied Science Degrees and Certificates in the Minot region.

3. A partnership with Williston Public Schools to expand the high school Automotive YES (Youth Education Systems) program uses the college facilities. This new curriculum is now integrated into the college program as well. The CISCO router course has been articulated on a statewide basis.

4. Began the use of student focus groups to improve college operations and recruitment.

Fourth Cornerstone - Accessible System

1. A WSC flat tuition schedule for fall 02 was approved by the SBHE. This action reduces the tuition costs for part-time students who generally do not qualify for grants and scholarships. Part of the tuition burden is shifted to students who take an uncommonly large load.

2. The WSC web page has been extensively revised.

3. The number of dual credit enrollments for '01 -'02 increased by 14% from 181 to 207.

4. A Minot Tech Center Committee is pursuing funding to build a Minot Area Tech Center, which would be co-located in a proposed Minot Public School vocational building.

5. Extended the WSC Practical Nursing Program to 7 external sites and the Massage Therapy program to three external sites.

6. A WSC marketing plan has been established which integrate the elements of enrollment management into college operations.

7. A partnership with 17 regional school districts has resulted in 10 interactive TV courses originating at WSC to be available as dual credit at 17 schools for the '02-'03 academic year.

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8. The number of online credit courses offered was increased to 16 courses and the number of correspondence and IVN/ITV courses increased to 32.

Fifth Cornerstone - Funding and Reward

1. Grant revenue increased by 9% during '01-'02.

2. Added online opportunities for faculty members.

3. WSC departmental budget managers were provided with a greater degree of flexibility and accountability in managing their budgets.

4. Faculty development and evaluation integrates into the budget/planning cycle.

5. Faculty load, adjunct pay, and overload guidelines were revised.

6. The identified remaining barriers to entrepreneurial action at WSC are resources, administrative software, and internal momentum.

Sixth Cornerstone - Sustaining the Vision

1. A revised WSC Mission Statement was approved by the SBHE, which reflects the statutory status given the college by the '99 Legislature. Vision and Values for the college were also established.

2. A community advisory group provided input regarding the mission and vision for the college on November 8, 2001.

3. The strategic planning processes have pinpointed that the following elements of the college need to be enhanced in order to make WSC a more comprehensive community college:
   - Invigorate the existing agriculture program.
   - Enhance the humanities and become more of a cultural focus for the greater Williston area. This was also one of the two areas mentioned in the last NCA visit.
   - Support the tourist industry.
   - Continue to support the school districts in the WSC service area as they struggle to stay viable.
   - Pursue a flight Center partnership with UND.

4. Timelines for institutional effectiveness monitoring, the budget timelines, schedule planning, strategic planning which WSC can control, are being revised.

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WSC Partnerships
Fall 2002

List of existing collaborative efforts and partnerships with community groups and other institutions related to economic development, increasing educational access, and enhancing civic engagement.

Northwest Regional Partnerships

Tech Center in Minot – WSC, Minot State University, MiSU-Bottineau, Fort Berthold Community College collaborate to provide one and two year programs to the Minot region.

Northwest Workforce Training – WSC is responsible for providing/coordinating training for businesses in Northwest North Dakota

Northwest Consortium includes 17 area high schools & WSC

Northwest Region Tech Prep works with all secondary and post secondary institutions
Coordinates 2 + 2 + 2 articulation from secondary through postsecondary

Community partnerships

Aviation Program
Airport Authority, ServAir, Tri-County Economic Development, Williston Area Economic Development, Williams County Commission, Williston City Commission, UND Aerospace, Tioga Economic Development, Divide County Economic Development, Watford City Economic Development

Healthy Williston Initiative
Leadership Williston
Hometown Williston
Williston Parks & Recreation Council
Job Service North Dakota & WSC
Northwest Human Service Center & WSC
Natural Resource Conservation Services
Sheridan County Health Coalition
Williston Research & Extension Center
Local County Extension Agents
Entertainment, Inc.
Miss North Dakota Pageant
Community Access Program
Region 1 Safe Community Committee

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Upper Missouri District Health Unit
Mercy Recovery Center
Vocational Rehabilitation
WSC Foundation
Teton Booster Club
IT. Open
Ag Open
Teton Golf Tournament
Good Neighbor Breakfasts
WSC sporting events
WSC activities
Speaking Services
Coaching Clinics
Camps – basketball and volleyball
Teton Buddies program – volleyball & basketball
United Blood Services
Williston Chamber of Commerce
Williston Boys Baseball
KUMV Television
Kasmer & Aafedt Properties
Community Action & Development Organization
Salvation Army
Williston Basin Tae Kwon Do Club
Williston Woodworkers Organization
Region 9 Music Festival
Franklin Covey Leadership Center
Mexican Fiesta
Pheasant Hunters Breakfast
Teton Car Raffle

State & National Parks

Lewis & Clark State Park
Theodore Roosevelt National Park
Fort Union Trading Post
Fort Buford State Historical Society

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PROGRAMS:

North Dakota University System Online – Collaborative arrange of the university system enabling students to take courses from any of the eleven campuses as a Collaborative Student.

Practical Nursing Program:

WSC, Bismarck State College, Lake Region State College
BSC & LRSC offer WSC's practical nursing program sharing curriculum, faculty, and processes.

WSC collaborates with Minot State University-Bottineau and Minot State University to deliver practical nursing programs in those areas.

Massage Therapy:	WSC & Minot State, BSC
Aviation	WSC & UND Aerospace
Health Information Technician	WSC & NDSCS
Associate in Arts Online	WSC & other university system colleges
Medical Transcription Online	WSC & BSC, LRSC, & MiSU-Bottineau
Health Information Technician	WSC & NDSCS

Associate Degree Programs delivered to Williston area:

Early Childhood Education	Lake Region State College
Legal Assistant	Lake Region State College
Health Information Technician	North Dakota State College of Science

Baccalaureate Degree Programs delivered to Williston

Nursing
- Minot State
- University of North Dakota
- Dickinson State University

Business Administration
- University of North Dakota

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Social Work
University of North Dakota

University Studies
Dickinson State

Graduate Programs

Educational Leadership	University of North Dakota North Dakota State University Tri-College
Social Work	University of North Dakota
Education	Minot State University

Shared Courses:

WSC to Lake Region State College
- Spanish
- Agriculture
- Integrated Cultural Studies
- Integrated Cultural Studies Excursion

Lake Region State College to WSC
- Agriculture
- German
- American Sign Language

Mayville State University to WSC
- Organic Chemistry

Bismarck State College
- Differential Equations

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9/20/03
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Mission, Vision and Values of Williston State College

June 5, 2002

Mission Statement

Williston State College, "Where the People Make the Difference", is an open admission learner-centered, comprehensive community college of the North Dakota University System providing academic transfer and occupational education, workforce training, and cultural activities to residents of North Dakota, the Upper Plains, and beyond. Williston State is committed to providing educational opportunities that are accessible, affordable, life changing, and life-long.

Vision

This vision statement of what Williston State College is striving to become is written as a 10 year retrospective.

Williston State College continues to be the college "where the people make the difference". The college is known as a learning community that supports the individual interests, personal and professional growth, and celebrates the successes of its students, staff members and faculty members. The college has become a comprehensive community college that is recognized as fulfilling a vital role in education and workforce training for northwest North Dakota. It has a reputation for excellence of fair treatment, scholarship, and individual skill development. Transfer degrees and credit vocational programs are the cornerstone of this quality institution. Williston State is also recognized as a cultural focus for the greater Williston Basin and for its quality workforce training provided in support of the regional economy. The campus is an inviting place that is well maintained and extensively utilized by the community. The college plant and technology infrastructure supports the functions of Williston State's comprehensive role. The campus is even more student centered than ever and is utilized by community groups and individuals on a daily basis. The college partners with business and industry, school districts, and other colleges and institutions to meet the postsecondary educational needs of learners.

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Graduates of the college praise the faculty for the great start they received in their collegiate or occupational career. They comment on how important the faculty and staff were in transforming their lives. Whether completing one course, developing specific skills, or seeking academic progress toward their goal in life, every person is accepted and valued as a member of our life-long learning community. Student access to college is supported by scholarships supplied by a financially strong WSC Foundation. The college has a curriculum that ensures that students " learn how to learn", experience cognitive growth, and have well-rounded development opportunities as a result of continuous curriculum design, assessment, and revision. Leadership opportunities, the use of learning communities, internship opportunities, and active learning contribute to student success. The college systematically plans and adjusts objectives to meet its long-term goals and to fulfill its mission. Key performance indicators are used to monitor the college's institutional effectiveness, assist in decision-making and support continuous improvement.

Values

Education	Diversity
Students	Honesty and Integrity
Employees	Freedom
Excellence	Fairness
Responsibility	Public Trust

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WILLISTON STATE COLLEGE OBJECTIVES
2002-2003

	Objectives by Cornerstones	Initiation Date	Date of Completion	Key Outcomes
Goal 1:	**Economic Development**--Increase the direct connections and contributions of the University System to the economic growth and social vitality of North Dakota.			
	Objectives			
1.1	*Foster entrepreneurship in the WSC curriculum and in the Community* (carry over)	Continued	5/15/03	Number of courses with entrepreneurial components
Goal 2:	**Educational Excellence**--Provide high quality education and skill development opportunities which prepare students to be personally and professionally successful, readily able to advance and change careers, be life-long learners, good citizens, leaders, and knowledgeable contributing members of an increasingly global and multi-cultural society.			
	Objectives			
2.1	*Use the student assessment tracking results to revise academic processes and offerings* (carry over)	Continued	5/23/03	Number of revisions made
2.2	*Collaborate with other NDUS institutions and with tribal colleges to make the WSC curriculum more comprehensive* (carry over)	09/03/2002	10/15/03	Number of collaborations
Goal 3:	**Flexible and Responsive System**--Create a University System environment which is responsive to the needs of its various clients and is flexible, empowering, competitive, entrepreneurial, and rewarding.			
	Objectives			
3.1	*Promote dual credit opportunities in the Northwest Consortium of School Districts* (new)	9/3/03	9/19/03	Number of IVN dual credit courses offered

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WILLISTON STATE COLLEGE OBJECTIVES
2002-2003

	Objectives by Cornerstones	Initiation Date	Date of Completion	Key Outcomes
Goal 4:	**Accessible System**--Create a University System that is proactively accessible to all areas of North Dakota and seeks students and customers from outside the state. It provides students, business, industry, communities, and citizens with access to educational programs, workforce training opportunities, and technology access and transfer--and does so with the same performance characteristics as described in the "Flexible and Responsive System" Goal.			
	Objectives			
4.1	*Use student focus groups to evaluate WSC website changes and to improve college operations* (carry over)	9/19/02	2/28/03	Number of focus groups held and changes made
4.2	*Revise the WSC marketing plan* (carry over)	10/1/02	3/14/03	Revised plan completion
Goal 5:	**Funding and Rewards**--Develop a system of funding, resource allocation, and rewards which assures quality and is linked to the expressed high priority needs and expectations of the University System--assures achievement of the expectations envisioned.			
	Objectives			
5.1	*Review current patterns of faculty compensation with an eye toward marketplace forces and faculty rank* (new)	10/1/02	4/25/03	Review completion
5.2	*Encourage entrepreneurial activities within the college by increasing grant revenue (non-financial aid) by 30%* (new)	Continue	6/30/03	Grant revenue comparison
Goal 6:	**Sustaining the Vision**--Develop a structure and process which assures the University System for the 21st Century, as described by these goals, remains connected, understood, relevant, and accountable to the present and future research, education, and public service needs of the state and its citizens--sustaining the vision.			
	Objectives			
6.1	*Continue the strategic planning, budget process, new program planning, personnel planning, and facilities planning into a continuous process that is in sync with the NDUS budget and legislative cycle over the 02-04 academic years* (carry over)	Continuing	5/28/04	New work cycle for '03-'05

JMc/bs
10/31/02

Williston State College
2003-05 Budget Analysis

		03-05 Budget
	HOLD-EVEN BUDGET	
1	Adjusted 01-03 General Fund Appropriation	$ 5,513,664
	Estimated Cost to Continue:	
2	Operating Inflation @ 2.5%/year	67,801
3	Utilities Increase Bringing on Health Science & Sports Complex	97,500
4	Cost to Continue 2002-03 Salary Increases	43,810
5	2003-05 Salary Increases of 1%/2% Delayed 6 Months	58,629
6	Increase 2003-05 Salary Increases to 2% Per Year - Full Year	70,555
7	Increase 2003-05 Salary Increases to 4% Per Year - Full Year	129,184
8	Part-Time Maintenance Position for Health Science & Sports Complex	20,067
9	Health Insurance Increases	92,153
10	Non-General Fund Increases - Salary and Operating	141,721
11	Total Estimated Cost to Continue	721,420
12	Continuation of 02-03 Tuition Rate Increases	(101,142)
13	Tuition Rate Increase - 6% per year	(211,405)
14	Internal Reallocation	(408,873)
15	Total Revenue & Reallocation to Cover Cost to Continue	(721,420)
16	**Total Hold-Even Budget**	**5,513,664**
	NEEDS-BASED BUDGET	
17	Parity Funding - Equipment	64,592
18	Parity Funding - Fund Portion of Operating Costs to Continue	118,646
19	Parity Funding - Restore Positions	123,201
20	Capital Asset Funding - Progress Toward Deferred Maintenance	46,275
21	Equity Funding - Implement Faculty Workload Adjustments	53,662
22	Equity Funding - Increase Adjunct Faculty Pay Rates	45,692
23	Equity Funding - Equipment	64,592
24	Equity Funding - Additional or Restored Program	153,820
25	Parity Funding - Additional Support Position	75,549
26	Capital Asset Funding - Progress Toward Deferred Maintenance	114,000
27	**Total Needs-Based Budget**	**6,373,693**
28	**Capital Project - Diesel Technology Addition**	**472,000**
29	**Total Needs-Based Budget with Capital Project Request**	**$ 6,845,693**

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DEFERRED MAINTENANCE

	State Funded	Non-State Funded	Total
Health and Safety			
Science lab ventilation system	$ 40,000		$ 40,000
Total Health and Safety	$ 40,000	$ -	$ 40,000
ADA			
Interior automatic door openers (4)	6,000		$ 6,000
Existing elevator upgrades (2)	15,438		15,438
Automatic entrances (2)	4,000		4,000
Total ADA	$ 25,438	$ -	$ 25,438
Major Renovations -- Networking			
Expand and update current networking devices and cabling	$ 60,000		$ 60,000
Expand campus card system		60,000	60,000
Total Major Renovations -- Networking	$ 60,000	$ 60,000	$ 120,000
Major Repairs			
Energy efficient entrances	$	$ 5,000	$ 5,000
Exterior Painting - Crighton and Art Wood	24,000		24,000
Air-conditioning of main building	85,000		85,000
Repair exterior building caulking	22,000		22,000
Replace residence hall boilers		2,000	2,000
Replace plumbing fixtures	200	1,000	1,200
Replace hand faucets	800	300	1,100
Replace pipe insulation	500	100	600
Replace damaged flooring	2,000	4,000	6,000
Replace residence hall windows		48,000	48,000
Update to energy efficient lighting	75,000	30,000	105,000
Artwood building roof	150,000		150,000
Street project	500,000		500,000
Replace rooftop unit - Stevens Hall	60,000		60,000
Dickson Hall air conditioning		15,000	15,000
Repair roof overhang - Stevens Hall	30,000		30,000
Electrical Loop	25,000		25,000
Total Major Repairs	$ 974,500	$ 105,400	$ 1,079,900
Major Repairs -- Remodeling			
Library expansion	$ 125,000		$ 125,000
Bookstore expansion		75,000	75,000
Total Major Repairs -- Remodeling	$ 125,000	$ 75,000	$ 200,000

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WSC
Major Capital
Project Requests
2003-2005

The priorities of the college have been revised through the college's Strategic Planning Committee and are detailed in the 2002 revised WSC Master Plan.

Diesel Technology Addition $472,000

This project ranked 8th on the Major Capital Project Ranking SBHE Priority List

This project includes an 8,400 square foot addition to the present diesel technology lab in the Crighton Building and a 2,000 square foot cold storage addition to the building and grounds shop to be used for the diesel program. The addition is important for the safety of the program students, to allow sufficient room for students to learn on diesel-powered equipment, enhance the ability to develop work force training partnerships, and to meet industry standards.

WSC plans to apply for NATEF (National Automotive Technicians Education Foundation) certification for the diesel technology program. This addition would allow WSC to meet NATEF standards for a maximum of 42 students. Without NATEF certification the WSC Diesel program would:

- remain ineligible for equipment contributions from diesel equipment manufacturers and
- unable to attract diesel engine, heavy equipment, and implement manufacturers' upgrade training.

The fall 2002 program enrollment was thirty-five. For the past three years 100% of the graduates of the WSC diesel program were placed before the Christmas break preceding their final semester. 5% of program graduates return to work on family farms and 95% are hired by coal mines, implement dealers, truck dealers, or industrial stationary power equipment users.

Deferred Maintenance **$584,000**

North Addition **$2,948,400**

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WILLISTON STATE COLLEGE

Enrollment History

Year	Semester	Head Count	Full-Time	Part-Time	FTE
02-03	Fall	770	561	209	611
01-02	Fall	748	525	223	579
01-02	Spring	720	533	187	594
00-01	Fall	687	506	181	555
00-01	Spring	654	484	170	543
99-00	Fall	714	582	132	615
99-00	Spring	705	558	147	588
98-99	Fall	674	577	397	592
98-99	Spring	718	552	166	595
97-98	Fall	788	626	162	663
97-98	Spring	710	584	126	618

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Revised November 27, 2002

VII. Campus Enrollment Goals - WILLISTON STATE COLLEGE

This section of the Enrollment Management/Service Plan addresses the issue of enrollment goals in relation to the projected changes in high school graduates and other clients to be served. It also incorporates distance learning delivery currently or expected to be used.

Each NDUS college and university will set enrollment goals every two years during the fall of the even-numbered years. For example enrollment goals for the fall of 2003 and 2004 will be set in the fall of 2002 after official 3rd week enrollment counts have been completed. This will make projections consistent with the reporting requirements of the legislative council. The report from each campus will contain a brief narrative clarifying the institution's rational for it's enrollment goals. Below is the quantitative information to be included in the enrollment goals document:

DEGREE CREDIT ENROLLMENT (IPEDS)

	Actual Enrollments	Projected Enrollment Goals	
Total	Fall '02	Fall '03	Fall '04
Unduplicated FTE	633	600	600
Unduplicated headcount	770	745	745
Headcount by category			
Graduate			
Undergrad	770	745	745
Professional			
Part-time headcount	209	225	230
Full-time headcount	561	520	515
In-state headcount	652	630	615
Out-of-state headcount	104	100	110
International headcount	14	15	20
*On-campus	667	650	650
*Distance learning	135	150	160
24 years of age or younger	564	520	510
More than 25 years of age	206	225	235

*on-campus and distance learning enrollments may be duplicated on these lines

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Selected Characteristics of Peer Colleges For Williston State College Used in the SBHE Long Term Finance Plan

UNITID	Institution	Town, State	City Size	Region
175643	EAST CENTRAL CC	DECATUR, MS	Rural	Southeast
114433	FEATHER RIVER CC DISTRICT	QUINCY,CA	Small Town - 2.5 - 25K	Far West
153922	IOWA VALLEY CC DISTRICT	MARSHALLTOWN, IA	Large Town - 25K +	Plains
101602	LURLEEN B WALLACE JR COLLEGE	ANDALUSIA, AL	Small Town - 2.5 - 25K	Southeast
198923	MCDOWELL TECHNICAL CC	MARION, NC	Small Town - 2.5 - 25K	Southeast
180373	MILES CC	MILES CITY, MT	Small Town - 2.5 - 25K	Rocky Mtn.
240657	NORTHWEST CC	POWELL, WY	Small Town - 2.5 - 25K	Rocky Mtn.
107585	PETIT JEAN COLLEGE	MORRILTON, AR	Small Town - 2.5 - 25K	Southeast
172671	WEST SHORE CC	SCOTTVILLE, MI	Rural	Great Lakes
200341	**WILLISTON STATE COLLEGE**	**WILLISTON, ND**	**Small Town - 2.5 - 25K**	**Plains**

	Institution	Total FTES	Total Headcnt	Percent Part-time Headcnt	Percent Minority Headcnt	Full-time Faculty Headcnt	% Cert.	% Assoc. Degrees
175643	EAST CENTRAL CC	1,700	2,077	27.2	34.7	82	16.6	83.4
114433	FEATHER RIVER CC DISTR.CT	546	875	56.5	12.6	21	26.0	74.0
153922	IOWA VALLEY CC DISTRICT	1,534	2,025	36.3	9.8	76	17.1	82.9
101602	LURLEEN B WALLACE JR COLLEGE	702	824	22.2	16.8	23	14.6	85.4
198923	MCDOWELL TECHNICAL CC	610	992	57.8	8.4	44	28.6	71.4
180373	MILES CC	431	568	36.1	5.5	21	2.6	97.4
240657	NORTHWEST CC	1,317	1,632	28.9	5.5	84	2.7	97.3
107585	PETIT JEAN COLLEGE	795	1,058	37.2	9.2	43	53.0	47.0
172671	WEST SHORE CC	753	1,338	65.5	3.7	28	21.6	78.4
200341	**WILLISTON STATE COLLEGE**	**609**	**674**	**14.4**	**6.4**	**35**	**1.6**	**98.4**

Taken from:
1998-99 Comparison Group Selection Service
Data Source: NCHEMS NCES IPEDS Surveys
Produced by: John Clark (303) 497-0308
Date: 9/17/01