

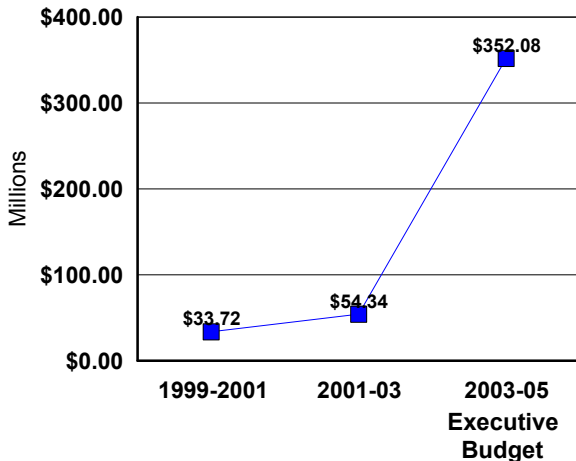
**Department 215 - North Dakota University System Office
 House Bill No. 1003**

	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

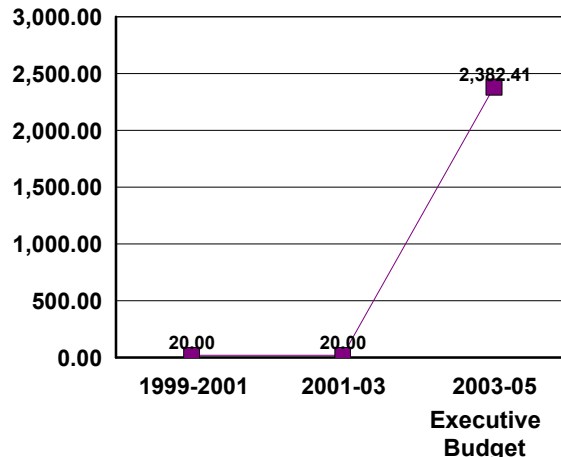
¹ The 2001-03 general fund appropriation is the amount appropriated by the 2001 Legislative Assembly and does not include a reduction of \$275,211 relating to the 1.05 percent budget allotment ordered by Governor Hoeven in July 2002.

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: | | | |

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 properly 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 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

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.