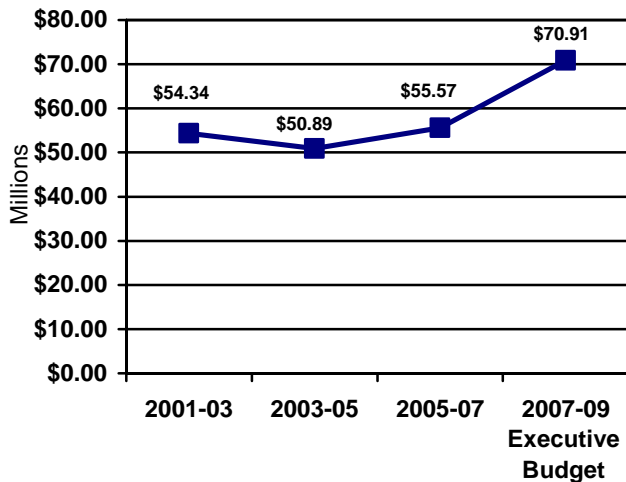


**Department 215 - North Dakota University System Office
 House Bill No. 1003**

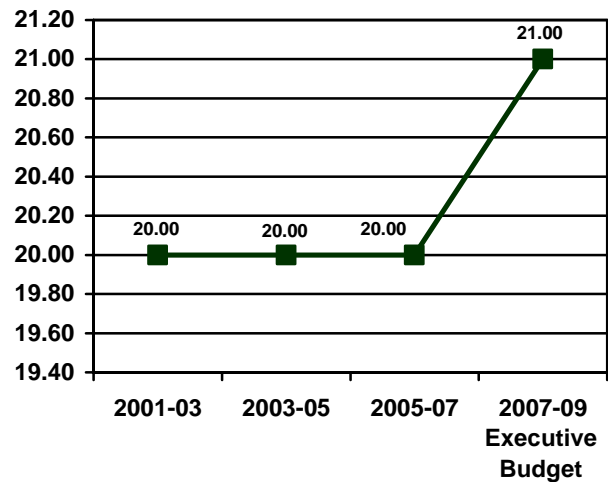
| | FTE Positions | General Fund | Other Funds | Total |
|------------------------------------|---------------|--------------|-------------|-------------------------|
| 2007-09 Executive Budget | 21.00 | \$70,910,723 | \$2,437,810 | \$73,348,533 |
| 2005-07 Legislative Appropriations | 20.00 | 55,569,611 | 2,599,776 | 58,169,387 ¹ |
| Increase (Decrease) | 1.00 | \$15,341,112 | (\$161,966) | \$15,179,146 |

¹The 2005-07 appropriation amounts reflect general fund allocations of \$2 million from the equity pool and \$160,000 from the board initiative funding to other higher education institutions. The 2005-07 appropriation amounts do not reflect \$1,275,851 of general fund carryover and \$112,306 of special funds carryover from the 2003-05 biennium.

Agency Funding - General Fund



FTE Positions



Executive Budget Highlights

| | General Fund | Other Funds | Total |
|---|------------------|-----------------|------------------|
| 1. Increases funding for system governance by \$872,972, from the 2005-07 legislative appropriation of \$5,568,422, of which \$5,378,496 was from the general fund, to \$6,441,394, of which \$6,210,394 is from the general fund, to: | | | |
| a. Provide funding for costs to continue fiscal year 2007 legislatively funded salary increases | \$46,301 | \$3,475 | \$49,776 |
| b. Provide funding for salary increases of 5 percent per year | 239,132 | 11,586 | 250,718 |
| c. Provide funding for estimated health insurance premium increases | 64,294 | 5,781 | 70,075 |
| d. Provide funding for operating expenses increases, including increases in Western Interstate Commission on Higher Education and Midwestern Higher Education Compact dues | 174,171 | 20,232 | 194,403 |
| e. Provide funding to separate the vice chancellor for strategic planning and the executive director of the College Technical Education Council as well as provide funding for an anticipated higher salary replacement cost for the vice chancellor position | 308,000 | | 308,000 |
| Total | \$831,898 | \$41,074 | \$872,972 |
| 2. Increases funding for the student financial assistance grant program from the 2005-07 appropriation of \$3,504,402, of which \$3,332,402 was from the general fund, to \$5,987,497, of which \$5,823,497 is from the general fund, to: | | | |
| a. Increase funding to replace carryover funding used during the 2005-07 biennium | \$319,100 | | \$319,100 |
| b. Increase funding from the general fund | 2,171,995 | | 2,171,995 |

| | | | |
|---|-------------|-----------|-------------|
| c. Decrease federal funding | | (\$8,000) | (8,000) |
| Total | \$2,491,095 | (\$8,000) | \$2,483,095 |
| 3. Increases funding for the professional student exchange program from the 2005-07 appropriation of \$2,127,280, of which \$1,864,780 was from the general fund and \$262,500 was from the student loan trust fund, to \$2,617,026, of which \$2,299,566 is from the general fund and \$317,460 is from the student loan trust fund, to: | | | |
| a. Increase funding to replace carryover funding used during the 2005-07 biennium | \$109,891 | | \$109,891 |
| b. Increase funding to fund the same number of new slots for the 2007-09 biennium as the 2005-07 biennium | 124,895 | | 124,895 |
| c. Provide funding for a new community matching loan forgiveness program for veterinary medicine and optometry students | 200,000 | | 200,000 |
| d. Increase funding for the Kansas State University veterinary medicine program | | \$54,960 | 54,960 |
| Total | \$434,786 | \$54,960 | \$489,746 |
| 4. Increases funding for the scholars program from the 2005-07 appropriation of \$862,077 to \$1,478,566 to: | | | |
| a. Increase funding to replace carryover funding used during the 2005-07 biennium | \$53,379 | | \$53,379 |
| b. Increase funding to sustain the current number of students in the program | 112,325 | | 112,325 |
| c. Provide funding to increase the number of new freshmen awards from 35 to 50 per year | 250,785 | | 250,785 |
| d. Provide funding for one-time \$2,000 stipends to all new freshmen in fiscal years 2008 and 2009 | 200,000 | | 200,000 |
| Total | \$616,489 | | \$616,489 |
| 5. Increases funding for the Native American scholarship program from \$251,988 to \$380,626 to increase funding to replace carryover funding used during the 2005-07 biennium (\$1,638) and to provide an increase in funding from the general fund (\$127,000) | \$128,638 | | \$128,638 |
| 6. Increases funding for the education incentive programs from \$1,227,902 to \$1,740,314 to increase funding to replace carryover funding used during the 2005-07 biennium (\$349,412) and to increase funding for doctoral graduate program incentives (\$163,000) | \$512,412 | | \$512,412 |
| 7. Increases funding for board initiatives by \$366,174, from the 2005-07 adjusted appropriation of \$1,725,000 to \$2,091,174, to: | | | |
| a. Increase funding to replace carryover funding used during the 2005-07 biennium | \$1,174 | | \$1,174 |
| b. Provide funding for a grant to the Space Grant Consortium | 300,000 | | 300,000 |
| c. Increase funding from the general fund | 65,000 | | 65,000 |
| Total | \$366,174 | | \$366,174 |
| 8. Increases funding for competitive research by \$310,000, from \$5,190,000 to \$5,500,000 | \$310,000 | | \$310,000 |
| 9. Increases funding for the common information services pool by \$6,796,200 from the 2005-07 adjusted appropriation of \$20,607,093 to \$27,403,293, to provide funding for the following information technology priorities: | | | |
| a. Expenses associated with ongoing base operations, including costs to continue the fiscal year 2007 salary increases (\$138,910), salary increases of 5 percent per year (\$745,310), health insurance premium increases (\$287,310), operating inflation of 2.4 percent per year (\$533,670), and increased costs for replacement of the current chief information officer and base funding for the ConnectND project manager position (\$391,000) (Of the \$2,096,200, \$420,000 is identified as one-time funding in the executive budget.) | \$2,096,200 | | \$2,096,200 |

| | | | |
|--|-------------|-------------|-------------|
| b. Funding to replace funding allocated to the ConnectND system from board initiatives appropriation (executive budget identified as one-time funding) | 1,500,000 | | 1,500,000 |
| c. Funding to replace the revenue associated with the technology fee bond payoff which had been planned for inclusion in fiscal year 2007 (executive budget identified as one-time funding) | 920,000 | | 920,000 |
| d. Funding to fix and stabilize additional critical business functions associated with the ConnectND system (executive budget identified as one-time funding) | 1,280,000 | | 1,280,000 |
| e. Funding for Northern Tier Network infrastructure (executive budget identified as one-time funding) | 1,000,000 | | 1,000,000 |
| Total | \$6,796,200 | | \$6,796,200 |
| 10. Increases funding for capital assets by \$2,543,861, from \$14,278,141 to \$16,822,002, to increase funding for bond payments for the 2007-09 biennium (\$15,822,002) and to provide one-time funding for deferred maintenance and the development of a long-range master plan for Mayville State University (\$1,000,000) | \$2,793,861 | (\$250,000) | \$2,543,861 |
| 11. Increases funding for contingency and capital emergency from \$436,923 to \$496,482 to increase funding to replace carryover funding used in the 2005-07 biennium. The funding is used to meet unforeseen operations or capital asset needs and opportunities as determined by the State Board of Higher Education. | \$59,559 | | \$59,559 |
| 12. Provides funding of \$344,559 from the general fund for an operations pool to be allocated for system priorities as determined by the State Board of Higher Education, the same amount as the 2005-07 adjusted legislative appropriation | | | |
| 13. Provides funding of \$1,350,000 from the general fund for professional liability insurance , the same amount as the 2005-07 legislative appropriation | | | |

Other Sections in Bill

Student loan trust fund - Section 10 appropriates \$317,460 from the student loan trust fund for the professional student exchange program. This section should be amended as the funding is also appropriated in Section 3 of the bill.

Transfer authority - Section 12 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets line item if the board determines that additional funds are needed for capital projects or extraordinary repairs.

FTE positions - Section 13 authorizes the State Board of Higher Education to adjust FTE positions as needed for institutions and entities under its control.

Bond issuance authorization - Section 16 authorizes the State Board of Higher Education to arrange for revenue bonds for capital projects at the University of North Dakota, North Dakota State University, and State College of Science. The section also provides an appropriation for the bond proceeds for the purpose of financing the capital projects. The bill should be amended as the funding for the capital projects is also appropriated in Section 3 of the bill.

Accountability measures - Section 17 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.

Continuing Appropriations

Special revenue funds - NDCC Section 15-10-12 - Provides the continuing appropriation authority for higher education institutions' special revenue funds, including tuition, through June 30, 2007.

Major Related Legislation

House Bill Nos. 1030, 1031, and 1032 - These bills provide for the continuation of the following statutory provisions through June 30, 2009:

- The continuing appropriation authority for higher education institutions' special revenue funds, including tuition.
- The requirement that the budget request for the North Dakota 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 and 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.
- The North Dakota University System's authority to carry over at the end of the biennium unspent general fund appropriations.

House Bill No. 1125 - This bill provides a \$200,000 general fund appropriation to the Health Council for providing loan repayment programs for optometrists and veterinarians.