

**North Dakota University System Office
Budget 215
House Bill Nos. 1003, 1395**

	FTE Positions	General Fund	Other Funds	Total
2007-09 legislative appropriation	20.00	\$68,601,118 ¹	\$6,117,530	\$74,718,648
2005-07 legislative appropriation	<u>20.00</u>	<u>55,569,611</u>	<u>2,599,776</u>	<u>58,169,387</u>
2007-09 appropriation increase (decrease) to 2005-07 appropriation	0.00	\$13,031,507	\$3,517,754	\$16,549,261

¹This amount includes \$3,470,000 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$65,131,118.

Item Description

One-time funding - The Legislative Assembly identified \$28,382,068 from the general fund and \$7,583,315 from the permanent oil tax trust fund for the following one-time funding items for the North Dakota University System. These amounts are not to be considered part of the University System's base budget for preparing the 2009-11 executive budget, and the University System is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

	General Fund	Permanent Oil Tax Trust Fund	Total
North Dakota University System office			
Northern Tier Network infrastructure		\$2,773,800	\$2,773,800
ConnectND system support	\$2,300,000		2,300,000
Common information system pool parity funding	420,000		420,000
Deferred maintenance	750,000		750,000
Total University System office	\$3,470,000	\$2,773,800	\$6,243,800
Higher education institutions			
Capital projects	\$13,808,235	\$4,809,515	\$18,617,750
Campus initiatives	960,800		960,800
Deferred maintenance	10,143,033		10,143,033
Total higher education institutions	\$24,912,068	\$4,809,515	\$29,721,583
Total North Dakota University System one-time funding	\$28,382,068	\$7,583,315	\$35,965,383

Board initiatives - The Legislative Assembly provided funding of \$398,500 from the general fund for board initiatives. Section 5 of House Bill No. 1003 provides that the board initiatives funding includes \$300,000 for a grant to the Space Grant Consortium to match federal funds and \$98,500 for a recruiting initiative for Minot State University - Bottineau. The funding for the recruiting initiative is provided for a two-year pilot basis, and Minot State University - Bottineau is to report on the effectiveness of the initiative to the Appropriations Committees of the 2009 legislative session.

Status/Result

The status of the one-time funding items that relate to the University System office are:

Northern Tier Network infrastructure	\$2,773,800 from the permanent oil tax trust fund	The University System anticipates spending \$962,195 for the Northern Tier Network in fiscal year 2008. Any remaining funds will be carried forward to fiscal year 2009 to complete the installation of the network and pay monthly recurring costs.
ConnectND system support	\$2,300,000 from the general fund	Funding was allocated in fiscal year 2008 and will be used for licensing and training.
Common information services parity funding	\$420,000 from the general fund	Funding was used to pay for the growth of campus bandwidth in the 2007-09 biennium.
Master capital plan and deferred maintenance at Mayville State University	\$750,000 from the general fund	The University System has not yet transferred funding to Mayville State University. The university is in the process of finalizing a campus master plan for an estimated cost of \$55,000. The remaining funding of \$695,000 will be used for deferred maintenance projects.

The North Dakota University System office has distributed the funds for board initiatives as directed.

Common information services - The Legislative Assembly provided funding of \$31,477,093, of which \$28,703,293 is from the general fund and \$2,773,800 is from the permanent oil tax trust fund, for common information services to be allocated by the State Board of Higher Education based on the provisions of Section 7 of House Bill No. 1003. Of the \$31,477,093, \$6 million from the general fund is for support of the ConnectND system of which \$3.7 million is considered base funding and \$2.3 million is considered one-time funding, and \$2,773,800 from the permanent oil tax trust fund is one-time funding for Northern Tier Network infrastructure. Section 7 provides that the common information services allocations are to be made based on the University System information technology plan and technology priorities. The funds allocated must be used to support the Higher Education Computer Network (HECN), the Interactive Video Network (IVN), the On-line Dakota Information Network (ODIN), and other related technology initiatives as determined by the State Board of Higher Education.

Student exchange program - The Legislative Assembly provided a \$523,380 special funds appropriation from the student loan trust fund to fund five new students per year for the 2007-09 biennium in the Kansas State University veterinary medicine program.

Education incentive programs - The Legislative Assembly provided a \$1,740,314 general fund appropriation for education incentive programs. Section 14 of House Bill No. 1003 provides that the funding may be allocated to education incentive programs as determined by the State Board of Higher Education. The board may determine the appropriate number of years of program eligibility for each education incentive program.

Unspent 2005-07 general fund appropriations - Section 20 of House Bill No. 1003 requires the State Board of Higher Education to use \$200,000 of the University System office unspent 2005-07 biennium general fund appropriation authorized to continue under North Dakota Century Code (NDCC) Section 54-44.1-11 for completing and furnishing the Thatcher Hall renovation and addition at Minot State University - Bottineau.

The State Board of Higher Education has allocated the common information services funding as follows:

	University of North Dakota	North Dakota State University	North Dakota University System Office	Total
HECN North	\$3,173,347			\$3,173,347
HECN South		\$5,945,968		5,945,968
ConnectND	8,345,213	4,944,005		13,289,218
IVN	2,893,132			2,893,132
ODIN	1,162,043			1,162,043
Northern Tier Network		2,773,800		2,773,800
Chief Information Officer	129,000	1,759,590		1,888,590
Finance			\$350,996	350,996
Total	\$15,702,735	\$15,423,363	\$350,996	\$31,477,094

For the 2007-08 academic year, the University System funded five new freshman positions in the Kansas State University veterinary medicine program. The University System anticipates an additional five students will be funded for the 2008-09 academic year.

Including unspent 2005-07 biennium education incentive appropriation authority of \$273,030, the total amount of education incentive funding available for the 2007-09 biennium is \$2,013,344. The following table summarizes current allocations by the State Board of Higher Education:

Education incentive funding available		\$2,013,344
Allocations		
Teacher shortage loan forgiveness program	\$0 ¹	
Technology occupation student loan forgiveness program	0 ¹	
Doctoral graduate program	510,000 ²	
Total allocations		510,000
Education incentive funding remaining to be allocated		\$1,503,344

¹Applications for the teacher shortage loan forgiveness program and technology occupation student loan forgiveness program are currently being reviewed. The University System anticipates funds being distributed for the programs in July 2008.

²Of the \$510,000 committed to the doctoral graduate program, \$250,000 is considered one-time funding.

The North Dakota University System office has distributed the funds to Minot State University - Bottineau for completing and furnishing the Thatcher Hall renovation and addition.

Tuition rate increases - Section 18 of House Bill No. 1003 provides that the State Board of Higher Education is to limit any annual tuition increase for students attending institutions under its control for the 2007-08 and 2008-09 academic years to not more than 5 percent for each year unless the board receives prior Budget Section approval.

Financial assistance to tribally controlled community colleges - House Bill No. 1395 provides a \$700,000 special funds appropriation from the permanent oil tax trust fund to the State Board of Higher Education for providing grant assistance payments to tribally controlled community colleges to defray the costs of education associated with enrollment of nonbeneficiary students. This bill also provides that the State Treasurer transfer to the permanent oil tax trust fund the first \$700,000 of the state's share of tax revenues under NDCC Chapter 57-51.1 from oil produced from wells within the exterior boundaries of the Fort Berthold Indian Reservation drilled and completed after June 30, 2007.

Veterinarian loan repayment program - The Legislative Assembly provided funding of \$100,000 from the general fund for a loan repayment program for veterinarians. Under the program, veterinarians in the state will be eligible to receive up to \$80,000 in loan repayment funds.

Scholars program - The Legislative Assembly provided funding of \$1,478,566 from the general fund for the scholars program. The funding is sufficient to provide 50 new freshman awards in each year of the 2007-09 biennium.

All North Dakota University System campuses increased tuition by 5 percent for the 2007-08 academic year and plan to increase tuition by 5 percent for the 2008-09 academic year.

The University of North Dakota School of Law requested approval for a multiyear tuition restructuring plan that would increase tuition by more than 5 percent. The State Board of Higher Education approved the restructuring, but the Budget Section has not yet considered the request.

The State Board of Higher Education established a program to distribute funds to North Dakota tribal colleges for nonbeneficiary students. The University System is in the process of allocating \$350,000 to colleges for fiscal year 2008. The remaining \$350,000 will be distributed to colleges in fiscal year 2009.

As of April 2008 no transfers have been made to the permanent oil tax trust fund from oil taxes collected from wells within the exterior boundaries of the Fort Berthold Indian Reservation. Due to uncertainty regarding the level of oil production occurring on tribal lands, the Tax Department is unable to estimate potential future transfers to the permanent oil tax trust fund.

The North Dakota University System and the State Department of Health have established a veterinarian loan repayment program. The University System transferred the \$100,000 of funding provided for the program to the State Department of Health for costs associated with the program.

For the 2007-08 academic year, the North Dakota University System provided 49 scholars program scholarships to new freshmen, an increase of 17 from the 2006-07 academic year. The University System anticipates awarding 51 scholarships to new freshmen for the 2008-09 academic year.