

**North Dakota University System office
Budget No. 215
House Bill No. 1003, Senate Bill Nos. 2013 and 2015**

	FTE Positions	General Fund	Other Funds	Total
2011-13 executive budget (bills as introduced)	23.30	\$100,171,450	\$3,754,718	\$103,926,168
2011-13 legislative appropriations	23.30	116,629,810	2,754,718	119,384,528
Legislative increase (decrease) to executive budget	0.00	\$16,458,360	(\$1,000,000)	\$15,458,360
Legislative increase (decrease) to 2009-11 appropriations	0.00	\$30,121,128	(\$1,994,240)	\$28,126,888

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2009-11 legislative appropriations	\$86,508,682	\$0	\$86,508,682
2011-13 legislative appropriations	116,629,810	0	116,629,810
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$30,121,128	\$0	\$30,121,128
Percentage increase (decrease) to 2009-11 appropriations	34.8%	N/A	34.8%
2011-13 legislative increase (decrease) to executive budget	\$16,614,360	(\$156,000)	\$16,458,360
Percentage increase (decrease) to executive budget	16.6%	(100.0%)	16.4%

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The executive recommendation for the North Dakota University System included funding for parity to provide the general fund share of 3 percent annual salary increases and health insurance increases. This method of funding these costs was not changed by the Legislative Assembly.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding to be distributed to campuses for equity payments and for limiting tuition increases (see Equity and Student Affordability Funding Pool section below).		\$15,240,565		\$15,240,565
Appropriated funding for North Dakota career and technical education and academic scholarships (see Career and Technical Education and Academic Scholarships section below) in Senate Bill No. 2013.		10,000,000		10,000,000
Reduced funding for University System governance (see System Governance section below).		(500,000)		(500,000)

Removed 2007-09 biennium carryover funding amounts added to the base budget in the executive recommendation.	(1,564,205)		(1,564,205)
Changed the funding source for tribal college assistance grants from the permanent oil tax trust fund to the general fund.	1,000,000	(\$1,000,000)	0
Removed increased funding for the competitive research program (see Competitive Research section below).	(1,650,000)		(1,650,000)
Removed funding added in the executive recommendation for a performance-based funding pool.	(5,000,000)		(5,000,000)
Removed funding added in the executive recommendation for a new and expanding program fund.	(1,000,000)		(1,000,000)
Removed \$12,000 of ongoing funding and \$156,000 of one-time funding added in the executive recommendation for student mental health services.	(168,000)		(168,000)
Reduced funding for capital bond payments (see Capital Assets section below).	(50,000)		(50,000)
Added funding to be distributed to doctoral institutions for educational leadership programs (Senate Bill No. 2015).	150,000		150,000
Total	<u>0.00</u>	<u>\$16,458,360</u>	<u>(\$1,000,000)</u>

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 23.3 FTE positions, the same as the 2009-11 biennium. Pursuant to Section 13 of House Bill No. 1003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions of higher education. Any FTE adjustment must be reported to the Office of Management and Budget (OMB) prior to submission of the 2013-15 budget request.

One-Time Funding

In Section 2 of House Bill No. 1003, the Legislative Assembly identified \$49,260,357 of funding from the general fund as one-time funding items for the University System. These amounts are not to be considered part of the University System's base budget for preparing the 2013-15 executive budget, and the University System is to report to the Appropriations Committees during the 2013 legislative session on the use of the funding. The table below summarizes one-time funding provided to the University System from the general fund for the 2011-13 biennium:

	General Fund
Capital projects	\$47,136,000
Special assessment payments	819,357
Dickinson State University operating funds	900,000
Forest Service emerald ash borer program	250,000
University of North Dakota (UND) School of Medicine and Health Sciences space utilization study	100,000
Mayville State University campus drainage study	55,000
Total	\$49,260,357

The Legislative Assembly removed \$156,000 included in the executive budget for the University System office for a student mental health services initiative.

Equity and Student Affordability Funding Pool

The executive budget recommendation included \$10 million for equity payments to campuses and \$6,640,563 for limiting tuition increases to 2.5 percent annually at four-year institutions and for providing no tuition increases at two-year institutions. The Legislative Assembly removed the funding for these items and appropriated \$15,240,565 to the University System office for an equity and student affordability funding pool to be allocated to institutions as determined by the State Board of Higher Education. Section 6 of House Bill No. 1003 authorizes the State Board of Higher Education to transfer funding from the pool to higher education institutions.

Competitive Research

The Legislative Assembly provided \$7,050,000 from the general fund for competitive research, the same amount as provided for the 2009-11 biennium and \$1.65 million less than the executive recommendation of \$8.7 million. The following is a summary of funding for the competitive research program:

Biennium	General Fund
1995-97	\$1,980,000
1997-99	\$1,980,000
1999-2001	\$1,971,000
2001-03	\$4,000,000
2003-05	\$4,750,000 ¹
2005-07	\$5,190,000
2007-09	\$5,650,000
2009-11	\$7,050,000 ²
2011-13	\$7,050,000

¹The 2003 Legislative Assembly provided that \$100,000 of the \$4.75 million be used for a public private partnership for establishment of a design center at UND.

²The 2009 Legislative Assembly provided that \$400,000 of the \$7,050,000 be used for the National Aeronautics and Space Administration Experimental Program to Stimulate Competitive Research.

System Governance

The Legislative Assembly provided \$6,877,272, of which \$6,588,576 is from the general fund and \$288,696 is from special funds, for system governance. The Legislative Assembly removed \$276,862 added in the executive recommendation related to 2007-09 biennium carryover funding and removed an additional \$500,000 from the system governance line item with specific funding reductions to be determined by the University System. The table below details funding for system governance provided for the 2009-11 biennium, funding included in the 2011-13 executive recommendation, and 2011-13 biennium appropriations:

	2009-11 Biennium Appropriation	2011-13 Biennium Executive Recommendation	2011-13 Biennium Legislative Appropriation
General fund	\$6,909,502	\$7,365,438	\$6,588,576
Special funds	276,110	288,696	288,696
Total	\$7,185,612	\$7,654,134	\$6,877,272

System Information Technology Services

The Legislative Assembly provided \$36,006,667, of which \$35,467,230 is from the general fund and \$539,437 is from the student loan trust fund, for support of the Higher Education Computer Network, the Interactive Video Network (IVN), the On-line Dakota Information Network (ODIN), and other related technology initiatives. The funding from the general fund includes an increase of \$1,249,509 for parity, \$3,527,000 for technology maintenance, \$616,000 for a ConnectND database upgrade, and \$590,000 to replace reduced revenue from the student loan trust fund. The Legislative Assembly removed \$55,332 added to the base funding level in the executive recommendation related to 2007-09 biennium carryover funding.

	2009-11 Biennium Legislative Appropriation	2011-13 Biennium Executive Recommendation	2011-13 Biennium Legislative Appropriation	2011-13 Biennium Legislative Appropriation Increase (Decrease) From 2011-13 Executive Recommendation	2011-13 Biennium Legislative Appropriation Increase (Decrease) From 2009-11 Biennium Legislative Appropriation
General fund	\$29,209,438	\$35,522,562	\$35,467,230	(\$55,332)	\$6,257,792
Student loan trust fund	1,020,600	539,437	539,437		(481,163)
Total	\$30,230,038	\$36,061,999	\$36,006,667	(\$55,332)	\$5,776,629

Student Financial Assistance Grants

The Legislative Assembly provided \$19,374,022 for student financial assistance grants, of which \$19,025,594 is from the general fund and \$348,428 is from federal funds. This represents the same level of funding as provided during the 2009-11 biennium and a reduction of \$553,546 from the executive recommendation. The Legislative Assembly removed \$553,546 of funding added in the executive recommendation that relates to 2007-09 biennium carryover funding. The funding will be used to provide grants to students of up to \$1,500 per year. To qualify, a student must be a resident undergraduate student who has graduated from a North Dakota high school and is attending a qualified postsecondary institution in North Dakota. The award of grants is based on student need. The following is a summary of funding for student financial assistance grants:

Biennium	General Fund	Federal Funds	Other Funds	Total Funds
1995-97	\$2,032,478	\$400,000	\$1,350,000	\$3,782,478
1997-99	\$1,495,000	\$410,986	\$2,574,400	\$4,480,386
1999-2001	\$1,735,881	\$140,000	\$2,574,400	\$4,450,281
2001-03	\$2,670,881	\$214,000	\$1,338,150	\$4,223,031
2003-05	\$2,730,215	\$200,000	\$0	\$2,930,215
2005-07	\$3,332,402	\$172,000	\$0	\$3,504,402
2007-09	\$5,823,497	\$164,000	\$0	\$5,987,497
2009-11	\$19,025,594	\$348,428	\$0	\$19,374,022
2011-13	\$19,025,594	\$348,428	\$0	\$19,374,022

Professional Student Exchange Program

The Legislative Assembly provided \$3,321,438, of which \$2,856,131 is from the general fund and \$465,307 is from the student loan trust fund, for the professional student exchange program. The Legislative Assembly did not change the executive recommendation to increase funding from the general fund by \$510,000 to replace reduced funding available from the student loan trust fund. The Legislative Assembly removed \$244,398 of funding from the general fund added in the executive recommendation relating to 2007-09 biennium carryover funding. The following is a summary of funding for the professional student exchange program:

Biennium	General Fund	Student Loan Trust Fund	Total Funds
1995-97	\$1,326,756		\$1,326,756
1997-99	\$1,389,801		\$1,389,801
1999-2001	\$1,310,716		\$1,310,716
2001-03	\$1,560,716		\$1,560,716
2003-05	\$1,678,300		\$1,678,300
2005-07	\$1,864,780	\$262,500	\$2,127,280
2007-09	\$2,199,566	\$523,380	\$2,722,946
2009-11	\$2,346,130	\$990,970	\$3,337,100
2011-13	\$2,856,131	\$465,307	\$3,321,438

Scholars Program

The Legislative Assembly provided \$2,113,584 from the general fund for the scholars program, the same amount as provided during the 2009-11 biennium. The Legislative Assembly removed \$343,242 of funding added in the executive recommendation relating to 2007-09 biennium carryover funding. The funding provided is sufficient to continue existing students in the program and provide 53 new freshmen awards in each year of the 2011-13 biennium. The funding will also allow for the continuation of providing one-time stipends of \$2,000 to incoming freshmen. The following is a summary of funding for the scholars program:

Biennium	General Fund	Special Funds	Total Funds
1995-97	\$496,403		\$496,403
1997-99	\$473,786	\$185,500	\$659,286
1999-2001	\$520,730	\$185,500	\$706,230
2001-03	\$770,730		\$770,730
2003-05	\$816,386		\$816,386
2005-07	\$862,077		\$862,077
2007-09	\$1,478,566		\$1,478,566
2009-11	\$2,113,584		\$2,113,584
2011-13	\$2,113,584		\$2,113,584

Native American Scholarship Program

The Legislative Assembly provided \$574,267 from the general fund for Native American scholarships. The \$574,267 is \$192,975 more than the 2009-11 biennium appropriation of \$381,292. The funding is estimated to provide approximately 240 scholarships, the same as the 2009-11 biennium. The increased funding for the program will be used to increase the scholarship award from \$800 to \$1,200 per student per year. The following is a summary of funding for the Native American scholarship program:

Biennium	General Fund
1995-97	\$200,000
1997-99	\$204,000
1999-2001	\$204,082
2001-03	\$204,082
2003-05	\$204,086
2005-07	\$251,988
2007-09	\$380,626
2009-11	\$381,292
2011-13	\$574,267

Education Incentive Programs

The Legislative Assembly provided \$3,176,344 from the general fund for education incentive programs, the same as the 2009-11 biennium appropriation. The Legislative Assembly removed \$89,650 of funding added in the executive recommendation relating to 2007-09 biennium carryover funding. Section 14 of House Bill No. 1003 provides that the funding of \$3,176,344 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.

Career and Technical Education and Academic Scholarships

The Legislative Assembly provided \$10 million from the general fund for career and technical education and academic scholarships, an increase of \$7 million from the 2009-11 biennium appropriation of \$3 million. The executive recommendation provided that the scholarship programs receive a continuing appropriation from the lands and minerals trust fund instead of being funded from the general fund. The Legislative Assembly removed the continuing appropriation for the programs and appropriated \$10 million from the general fund for the programs in Senate Bill No. 2013.

To be eligible for a scholarship, a student must be a resident of the state, complete the requirements for a high school diploma, and meet the following program requirements for one of the programs as follows:

Career and Technical Education Scholarship	Academic Scholarship
Complete one unit of algebra II	Complete one unit of algebra II and one additional unit of mathematics for which algebra II is a prerequisite
Complete two units of a coordinated study plan as recommended by the Department of Career and Technical Education	Complete two units of the same foreign language or sign language; one unit of fine arts or career and technical education; and one unit of a foreign language or sign language, fine arts, or career and technical education
Complete five additional units, two of which must be in the area of career and technical education	Complete one unit of an advanced placement course or one-half unit of a dual-credit course
Obtain a grade of at least "C" in each unit or one-half unit required for the scholarship	Obtain a grade of at least "C" in each unit or one-half unit required for the scholarship
Obtain a cumulative grade point average at least 3.0 on a 4.0 grading scale for all courses taken or only for courses taken that are required for the scholarship	Obtain a cumulative grade point average at least 3.0 on a 4.0 grading scale for all courses taken or only for courses taken that are required for the scholarship
Receive a composite score of at least 24 on the ACT or a score of at least five on each of three WorkKeys assessments	Receive a composite score of at least 24 on the ACT

Any student that meets the requirements for a career and technical education scholarship or an academic scholarship is to receive a scholarship of \$750 per semester, or \$500 per quarter, for each period the student is enrolled at a North Dakota higher education institution and maintains eligibility up to a maximum amount of \$6,000.

Capital Assets

The Legislative Assembly provided \$12,204,769, of which \$11,787,519 is from the general fund and \$417,250 is from special funds, for University System capital construction lease payments. The Legislative Assembly reduced general fund support for capital construction lease payments by \$50,000 compared to the executive recommendation. Section 5 of House Bill No. 1003 provides that the State Board of Higher Education must use the sum of \$12,204,769 provided to the University System office for capital assets to satisfy outstanding bond obligations. The following is a summary of the 2011-13 biennium legislative appropriation compared to the 2011-13 biennium executive recommendation and the 2009-11 biennium legislative appropriation:

	2009-11 Biennium Legislative Appropriation	2011-13 Biennium Executive Recommendation	2011-13 Biennium Legislative Appropriation	2011-13 Biennium Legislative Appropriation Increase (Decrease) From 2011-13 Biennium Executive Recommendation	2011-13 Biennium Legislative Appropriation Increase (Decrease) From 2009-11 Biennium Legislative Appropriation
Capital construction lease payments - General fund	\$11,296,798	\$11,837,519	\$11,787,519	(\$50,000)	\$490,721
Capital construction lease payments - Special funds	717,250	417,250	417,250	0	(300,000)
Total	\$12,014,048	\$12,254,769	\$12,204,769	(\$50,000)	\$190,721

Capital Improvements

The following schedule presents the higher education capital improvement funding contained in the 2011-13 executive recommendation and the appropriations approved by the Legislative Assembly for the 2011-13 biennium:

Entity/Project	2011-13 Executive Recommendation		2011-13 Legislative Appropriations	
	General Fund	Special Funds	General Fund	Special Funds
Bismarck State College				
Plant Services Building	\$1,500,000		\$1,500,000	
Student Union renovation and addition		\$7,500,000		\$7,500,000
Special assessment payments	900,000		257,933	
National Energy Center of Excellence fourth floor project			3,300,000	1,035,000
Extraordinary repairs	417,673		417,673	
Total	\$2,817,673	\$7,500,000	\$5,475,606	\$8,535,000
Lake Region State College				
Roof repairs			\$866,000	
Extraordinary repairs	\$155,367		155,367	
Total	\$155,367	\$0	\$1,021,367	\$0
Williston State College				
Campus branding		\$1,500,000 ¹	\$1,000,000	\$500,000
Science laboratory renovation project		1,320,000 ¹	1,320,000	
Workforce training building project			500,000	1,725,000
Extraordinary repairs	\$197,801		197,801	
Total	\$197,801	\$2,820,000	\$3,017,801	\$2,225,000
UND				
Energy and Environmental Research Center Slurry Building expansion		\$2,700,000		\$2,700,000
Joint University System and UND information technology facility	\$11,200,000		\$12,500,000	8,000,000
University town home apartments		5,000,000		5,000,000
Wilkerson Hall renovation and addition		14,000,000		14,000,000
Special assessment payments	281,013		97,146	
Flight operations center renovation				750,000
Extraordinary repairs	4,411,566		4,411,566	
Total	\$15,892,579	\$21,700,000	\$17,008,712	\$30,450,000
North Dakota State University				
Bison Sports Arena renovation		\$29,100,000		\$29,100,000
Information technology infrastructure		2,000,000		2,000,000
Indoor practice facility		5,000,000		5,000,000
Special assessment payments	\$2,319,700		\$272,683	
Extraordinary repairs	2,732,244		2,732,244	
Total	\$5,051,944	\$36,100,000	\$3,004,927	\$36,100,000
State College of Science				
Forkner Hall renovation		\$5,000,000		\$5,000,000
Frank Vertin football complex		1,500,000		1,500,000
Old Main renovation	\$8,180,000			
Schulz Hall renovation		4,000,000		4,000,000
Special assessment payments	125,851		\$58,666	
Bisek Hall renovation and addition			10,300,000	200,000

Entity/Project	2011-13 Executive Recommendation		2011-13 Legislative Appropriations	
	General Fund	Special Funds	General Fund	Special Funds
Extraordinary repairs	1,012,379		1,012,379	
Total	\$9,318,230	\$10,500,000	\$11,371,045	\$10,700,000
Dickinson State University				
Stoxen Library	\$8,800,000			
Extraordinary repairs	409,078		\$409,078	
Total	\$9,209,078	\$0	\$409,078	\$0
Mayville State University				
Special assessment payments	\$392,493		\$84,513	
Extraordinary repairs	358,992		358,992	
Total	\$751,485	\$0	\$443,505	\$0
Minot State University				
Landscape plan		\$800,000		\$800,000
Old Main classroom remodel		750,000		750,000
Resident apartments		3,500,000		3,500,000
Geothermal energy project			\$4,850,000	8,884,555
Food service remodeling project				1,500,000
Plant services building				600,000
Extraordinary repairs	\$899,620		899,620	
Total	\$899,620	\$5,050,000	\$5,749,620	\$16,034,555
Valley City State University				
Lokken Field turf project		\$815,000		\$815,000
Rhoades Science Center renovation and addition	\$7,971,000		\$10,300,000	200,000
Special assessment payments	283,567		48,416	
Extraordinary repairs	408,319		408,319	
Total	\$8,662,886	\$815,000	\$10,756,735	\$1,015,000
Dakota College at Bottineau				
General campus improvements			\$700,000	
Extraordinary repairs	\$115,507		115,507	
Total	\$115,507	\$0	\$815,507	\$0
Forest Service				
Towner State Nursery greenhouse				\$6,000
Extraordinary repairs	\$41,543		\$41,543	
Total	\$41,543	\$0	\$41,543	\$6,000
Total Higher Education	\$53,113,713	\$84,485,000	\$59,115,446	\$105,065,555

¹Funding of \$2.32 million from the permanent oil tax trust fund was included in the executive recommendation for Williston State College for the science building project (\$1.32 million) and campus enhancements (\$1 million).

Other Income

The Legislative Assembly approved the executive recommendation, as provided in House Bill No. 1035, to appropriate on a continuing basis (through June 30, 2013) all other funds, including tuition income, received by the institutions of higher education during the 2011-13 biennium. Consequently, the legislative appropriation for institutions of higher education generally does not include a specific appropriation of other funds, except for capital projects.

Other Sections in House Bill No. 1003

Permanent oil tax trust fund - Section 3 provides that any unexpended 2009-11 biennium appropriations from the permanent oil tax trust fund for higher education institutions are to be transferred to the appropriate higher education institution's special revenue fund at the end of the 2009-11 biennium.

Williston State College borrowing authority - Section 4 authorizes Williston State College to borrow up to \$1.725 million from the Bank of North Dakota for the workforce training building project.

Joint information technology building project - Section 7 allows the University System to spend an additional \$5 million on the joint University System/UND information technology building project. The funds must be from one-time information technology funding savings or efficiencies realized at UND, North Dakota State University, or the University System office.

Minard Hall project - Section 8 authorizes North Dakota State University to continue 2007-09 and 2009-11 biennium funding for the Minard Hall project into the 2011-13 biennium. North Dakota State University is to provide reports to the Budget Section regarding the status of the project.

Student loan trust fund - Section 10 authorizes a total of \$1,004,744 from the student loan trust fund for the professional student exchange program (\$465,307) and ConnectND campus solution positions (\$539,437).

Revenue bonding authority - Section 15 authorizes the State Board of Higher Education to issue \$40.225 million of revenue bonds for various University System capital projects.

State Board of Higher Education member compensation - Section 16 amends North Dakota Century Code Section 15-10-08 to increase the daily compensation of members of the State Board of Higher Education from \$100 to \$148.

Tribal college assistance grants - Section 17 amends Section 15-70-04 regarding grants to tribally controlled community colleges for nonbeneficiary students.

Health occupations loan forgiveness programs - Sections 18 and 19 amend Sections 43-12.2-03 and 43-17.2-03 relating to the eligibility requirements for the medical personnel loan repayment program and the physician loan repayment program.

University System budget request - Section 20 provides legislative intent regarding future budget requests of the University System.

University System enrollment reports - Section 21 provides legislative intent regarding the University System fall enrollment report.

Legislative Management studies - Sections 22 and 23 provide for 2011-12 interim Legislative Management studies of the UND School of Medicine and Health Sciences and the use of graduated tuition rates to increase enrollment in programs that address workforce needs of the state.

Related Legislation

House Bill No. 1033 - University System budget request and appropriation - 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 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 an asset funding component through July 31, 2013. The bill also provides for a Legislative Management study of higher education.

House Bill No. 1034 - University System unspent general fund appropriations - Provides for the continuation of the University System's authority to carry over at the end of the biennium unspent general fund appropriations through July 31, 2013.

House Bill No. 1035 - University System special funds continuing appropriation - Extends the continuing appropriation authority for higher education institutions' special revenue funds, including tuition, through June 30, 2013.

House Bill No. 1036 - Developmental education study - Directs the Legislative Management to study ways to alleviate developmental education, efforts to reduce developmental education, and the origin of students needing developmental education.

House Bill No. 1119 - Student liability coverage for state vehicles - Allows higher education institutions to receive liability coverage from the risk management fund for students operating a state vehicle as part of an education program.

House Bill No. 1154 - Scholarship award eligibility - Allows students that attend a nonpublic high school in a bordering state while residing with a custodial parent in North Dakota to be eligible to receive a North Dakota career and technical education or academic scholarship.

House Bill No. 1213 - Staff senate adviser to the State Board of Higher Education - Allows the University System staff senate to appoint an individual to serve as an adviser to the State Board of Higher Education.

House Bill No. 1263 - UND athletic nickname - Prohibits the State Board of Higher Education from discontinuing the use of the Fighting Sioux nickname and logo at UND.

Senate Bill No. 2065 - Reimbursement of meal expenses - Provides that meal expenses for athletic teams or other groups may be reimbursed on a group travel expenses report.

Senate Bill No. 2150 - Career and technical education scholarships and academic scholarships - Changes the eligibility requirements for the career and technical education scholarship program and the academic scholarship program.

Senate Bill No. 2323 - University System capital projects reporting requirements - Requires the State Board of Higher Education to provide capital construction variance reports to OMB.

Senate Bill No. 2351 - Student fees at higher education institutions - Requires the State Board of Higher Education to display student fee information on the University System website and provides limitations for increasing mandatory student fees. The bill also provides for a Legislative Management study of student fees.