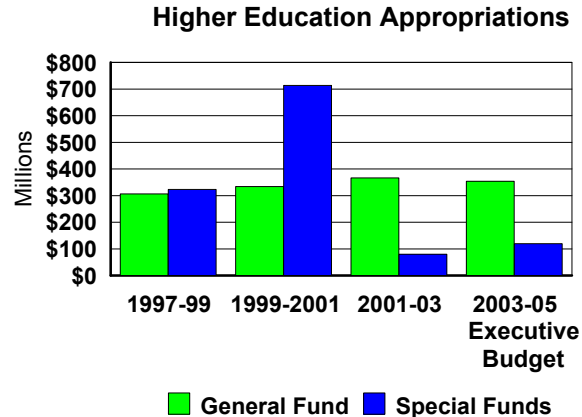


## HIGHER EDUCATION - SUMMARY OF KEY RECOMMENDATIONS

The 2003-05 executive budget recommends the following higher education funding changes for the 2003-05 biennium compared to 2001-03 legislative appropriations for higher education:

- Decreases **general fund** support by \$13,049,943, or 3.6 percent, due in part to the changing of the funding source for student grant programs (\$6 million) and competitive research (\$4 million) from the general fund to the student loan trust fund and a \$925,000 general fund reduction relating to the University System contingency and capital emergency funding.
- Increases support from **special funds** by \$39,250,713, or 48.8 percent, due to the changing of the funding source for student grant programs (\$6 million) and competitive research (\$4 million) from the state general fund to the student loan trust fund, providing \$7 million from the student loan trust fund for a new student internship program (\$2 million) and system initiatives (\$5 million), and increasing major capital projects funded from special funds by \$23 million.
- Adjusts the authorized number of **FTE positions** from 3,088.55 to 2,400.38 to reflect agency reductions and adjust the number of FTE positions to the level supported by the general fund.



Biennium	General Fund	Special Funds	Total
1997-99	\$306,825,098	\$323,595,863	\$630,420,961
1999-2001	\$334,449,287	\$713,538,799	\$1,047,988,086
2001-03	\$366,953,836	\$80,367,201	\$447,321,037
2003-05 - Executive budget	\$353,903,893	\$119,617,914	\$473,521,807

The special fund amounts prior to 2001-03 reflect the appropriation of tuition and local funds.

Key recommendations include:

- The consolidation of the **University System office budget** 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--and the consolidation of **higher education institutions' budgets** into two line items in the University System office budget--campus operations and capital assets.
- Funding of \$8,458,969, of which \$8,258,969 is from the student loan trust fund and \$200,000 is from federal funds, for **student grant programs**, including funding for the student financial assistance grant program, professional student exchange program, scholars program, Native American scholarship program, and education incentive programs. The funding also includes \$2 million of funding for a new student internship program to support internships for students entering growth industries that have critical shortages of available employees. Previously, the student financial assistance grant program, professional student exchange program, scholars program, Native American scholarship program, and education incentive programs received funding primarily from the general fund. This level of funding represents a total funds increase of \$870,410 from the 2001-03 legislative appropriation of \$7,588,559.
- Funding of \$1,752,767, of which \$296,693 is from the general fund and \$1,456,074 is from the water development trust fund, is recommended for **contingency and capital emergency funding**. This represents an increase in funding of \$1,508,458 from the 2001-03 biennium adjusted general appropriation of \$244,309. The funding of \$296,693 from the general fund, which compares to funding previously provided for disabled student services (\$51,560), equity and special needs (\$925,824), and contingency and capital improvement emergency (\$244,309), is to be used for unforeseen operations or capital asset needs and opportunities at higher education institutions. The funding of \$1,456,074 from the water development trust fund is for repayment of loans from the Bank of North Dakota by the University of North Dakota (\$1,193,146) and North Dakota State University (\$262,928) for disaster-related payments.
- Funding of \$4 million from the student loan trust fund is recommended for **competitive research** matching funding. This is the same level of funding provided for the 2001-03 biennium; however, previously, the competitive research funding was from the state general fund.

5. Funding of \$535,306 from the general fund for **board initiatives** to support University System and statewide goals linked to the State Board of Higher Education strategic plan and the Higher Education Roundtable report. This level of funding represents an increase in funding of \$100,819 from the 2001-03 biennium adjusted appropriation of \$434,487 for board initiatives.
6. Funding of \$5 million from the student loan trust fund is provided for **system initiatives**. The funding is to be allocated by the State Board of Higher Education to establish Centers of Excellence at higher education institutions to provide support for University System instruction, research, and outreach efforts.
7. A **technology pool** of \$26,138,137 from the general fund is provided for support of the Higher Education Computer Network, the Interactive Video Network, the On-line Dakota Information Network, and other related technology initiatives. The funding of \$26,138,137 includes funding previously provided for information technology management (\$216,676) and represents a decrease in funding of \$1,000,282 from the 2001-03 biennium adjusted technology pool general fund appropriation of \$27,138,419. Pursuant to Section 7 of 2001 House Bill No. 1003, the State Board of Higher Education is to allocate the funding based on historic funding and the University System information technology plan.
8. A **campus operations** line item of \$299,415,187 from the general fund is provided for support of the operations of the higher education institutions. Pursuant to Section 4 of House Bill No. 1003, the State Board of Higher Education is to allocate the funding 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. The level of funding of \$299,415,187 is equal to the 2001-03 biennium adjusted general fund appropriations for campus operations.

9. Funding of \$120,097,941 is provided for **capital assets**, including:
  - \$12,790,689 for capital construction lease payments (House Bill No. 1003).
  - \$6,932,186 for campus extraordinary repairs (House Bill No. 1003).
  - \$3,134,517 for campus energy projects\* (\$3,029,191 in House Bill No. 1023 and \$105,326 in House Bill No. 1003).
  - \$97,240,549 for major capital projects (House Bill No. 1003).

Of the \$120,097,941, \$21,342,004 is from the general fund, \$84,246,420 is from special funds, and \$14,509,517 is from bond proceeds. Please refer to the schedules under the "Capital Construction" section for additional information regarding capital improvements.

\*The executive budget recommendation for campus energy improvement projects includes funding for 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, the executive budget recommendation for higher education capital assets has been overstated by \$105,326.