**Prepared by the North Dakota Legislative Council
staff for House Appropriations
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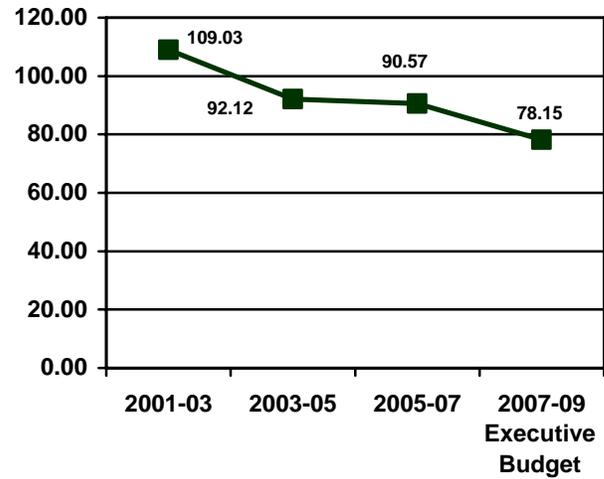## Department 242 - Valley City State University
House Bill No. 1003

	FTE Positions	General Fund	Other Funds	Total
2007-09 Executive Budget	78.15	$15,979,831	$0	$15,979,831
2005-07 Legislative Appropriations	90.57	12,314,942	0	12,314,942 [1]
Increase (Decrease)	(12.42)	$3,664,889	$0	$3,664,889

[1]The 2005-07 appropriation amounts do not reflect $83,929 of general fund carryover from the 2003-05 biennium.

Agency Funding - General Fund
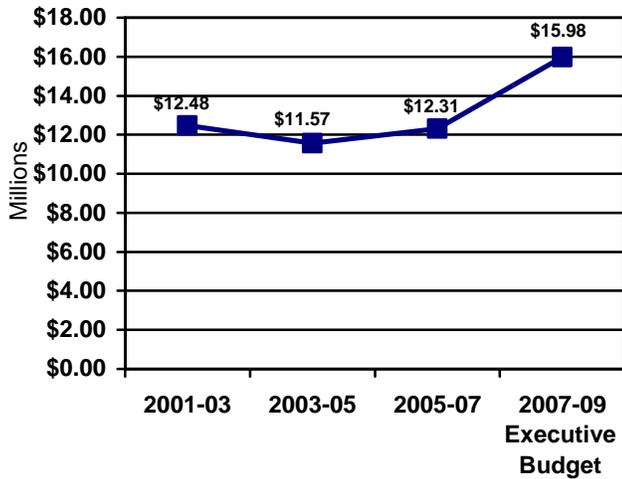
FTE Positions

Executive Budget Highlights

	General Fund	Other Funds	Total
1. Provides parity funding of $1,137,501 for the following:			
Costs to continue fiscal year 2007 legislatively funded salary increases	$129,695		$129,695
5 percent per year salary increases	634,577		634,577
10 percent per year health insurance increases	316,390		316,390
2.4 percent per year operating inflation	56,839		56,839
Total (The executive recommendation only includes approximately 94 percent of the total general fund portion of parity costs of $1,213,493. Operating inflation of $75,992 is not included in the executive recommendation. An annual tuition increase of 6.4 percent would be needed to fund the remaining general fund portion of $75,992 and to fund the student portion of parity costs of $520,068.)	$1,137,501		$1,137,501
2. Provides equity funding of $39,569. (The executive recommendation includes a $10 million increase for equity distributed among the 11 higher education institutions. The amount distributed to each institution was determined by considering both the institution's dollar difference from their peer benchmark as well as a greater weighting factor to those institutions that are the furthest behind their peer benchmark.)	$39,569		$39,569
3. Provides funding for extraordinary repairs of $796,235 equal to the 2005-07 base funding of $258,416 plus a proportionate share, $537,819, of the $10 million increase that is included in the executive recommendation. (The additional funding of $537,819 is **identified as one-time funding in the executive budget**.)	$537,819		$537,819

4. Removes major capital project funding provided in the 2005-07 biennium, including $250,000 from the general fund for W. E. Osmon bleacher replacement	($250,000)	($250,000)
5. Provides funding for major capital projects for the 2007-09 biennium, including $2,200,000 from the general fund for steamline replacement	$2,200,000	$2,200,000

Other Sections in 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.

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.