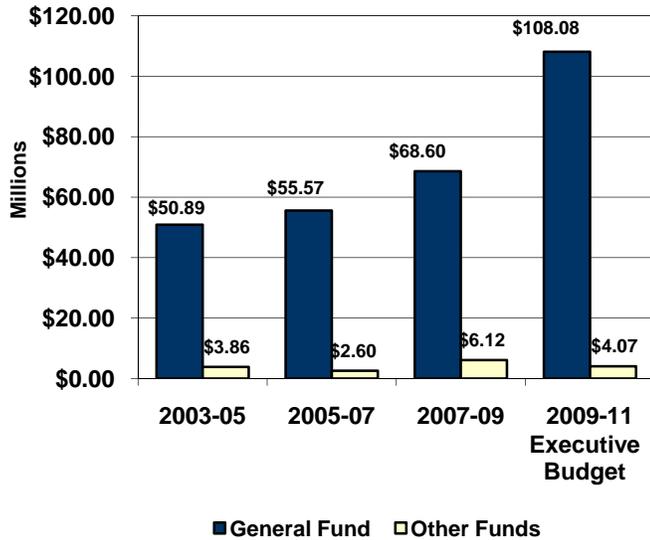


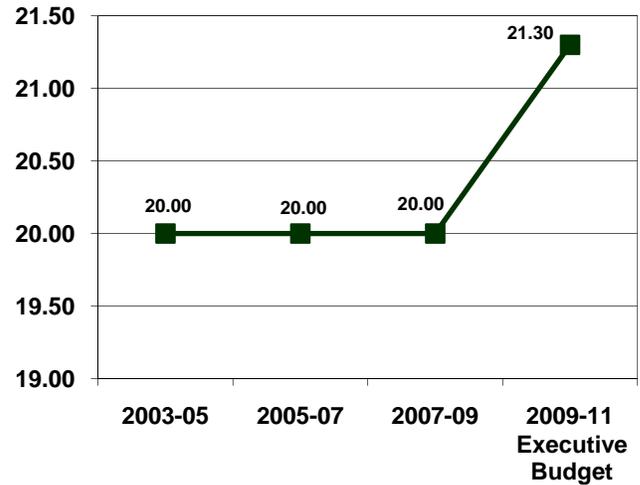
Department 215 - North Dakota University System Office
 Senate Bill No. 2003

	FTE Positions	General Fund	Other Funds	Total
2009-11 Executive Budget	21.30	\$108,080,088	\$4,069,558	\$112,149,646
2007-09 Legislative Appropriations	20.00	68,601,118	6,117,530	74,718,648
Increase (Decrease)	1.30	\$39,478,970	(\$2,047,972)	\$37,430,998

Agency Funding



FTE Positions



Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2009-11 Executive Budget	\$104,080,088	\$4,000,000	\$108,080,088
2007-09 Legislative Appropriations	65,131,118	3,470,000	68,601,118
Increase (Decrease)	\$38,948,970	\$530,000	\$39,478,970

First House Action

Attached is a summary of first house changes.

Executive Budget Highlights
 (With First House Changes in Bold)

	General Fund	Other Funds	Total
1. Increases funding for system governance by \$510,782, from the 2007-09 legislative appropriation of \$5,883,394, of which \$5,652,394 was from the general fund, to \$6,394,176, of which \$6,136,066 is from the general fund, to:			
a. Provide funding for costs to continue fiscal year 2009 salary increases	\$82,570	\$3,630	\$86,200
b. Provide funding for salary increases of 5 percent per year. The Senate decreased funding from the general fund for salary increases by \$138,011 and added a section providing that certain employees not be given compensation adjustments.	269,955	16,100	286,055
c. Provide funding for estimated health insurance premium increases	69,741	5,570	75,311
d. Provide funding for operating inflation of 2 percent for fiscal year 2010 and 2.2 percent for fiscal year 2011	40,406	1,810	42,216
e. Provide funding for increases in Western Interstate Commission for Higher Education and Midwestern Higher Education Compact dues	21,000		21,000
Total	\$483,672	\$27,110	\$510,782

2. Increases funding for the student financial assistance grant program from the 2007-09 appropriation of \$5,987,497, of which \$5,823,497 was from the general fund, to \$40,348,428, of which \$40,000,000 is from the general fund. The expanded program will assist approximately 11,340 students compared to the current level of 4,000 students. In addition, the program will increase the average individual student grants from \$800 to \$2,000. Of the \$40,000,000 general fund appropriation, \$700,000 is designated for grants to tribally controlled community colleges to defray the costs of education associated with enrollment of nonbeneficiary students. The Senate reduced general fund support for student financial assistance programs by \$33,112,203 and removed a section of the bill designating \$700,000 of the amount for grants to tribally controlled community colleges.	\$34,176,503	\$34,176,503
3. Increases funding for the professional student exchange program from the 2007-09 appropriation of \$2,722,946, of which \$2,199,566 was from the general fund and \$523,380 was from the student loan trust fund, to \$3,337,100, of which \$2,346,130 is from the general fund and \$990,970 is from the student loan trust fund. Included in the increase is:		
a. Funding to continue current student funding and to provide the following estimated number of available new openings: seven veterinarian, eight dentist, and four optometrist	\$193,000	\$193,000
b. Funding to support currently enrolled students and provide an estimated five new openings per year under the Kansas State University veterinary medical education program	\$467,590	\$467,590
4. Increases funding for the scholars program from \$1,478,566 to \$2,113,584. The increase in funding is to continue current student funding and provide for an additional 50 new positions per year.	\$635,018	\$635,018
5. Increases funding for education incentive programs by \$160,000 to increase the grant award from \$1,000 to \$2,000 for new teacher shortage program recipients and the addition of 20 new positions per year for academic and career counselors. Depending on increased applicant demand, the additional funding may be used to address increases in the teacher shortage and technology occupations programs.	\$160,000	\$160,000
6. Increases funding for competitive research from \$5,650,000 to \$6,450,000. The Senate increased funding from the general fund by \$600,000 for competitive research programs.	\$800,000	\$800,000
7. Provides funding for a science, technology, engineering, and mathematics (STEM) grant initiative. The Senate removed this funding.	\$2,000,000	\$2,000,000
8. Increases ongoing funding for the common information services pool from \$25,983,293 to \$30,250,638, including:		
a. Expenses associated with ongoing base operations, including costs to continue the fiscal year 2009 salary increases (\$277,900), salary increases of 5 percent per year during the 2009-11 biennium (\$1,137,793), health insurance increases (\$404,962), and operating expenses inflation (\$485,600)	\$2,306,255	\$2,306,255
b. Bandwidth cost increase	1,220,000	1,220,000
c. Funding for ConnectND positions from the student loan trust fund. Funding for these positions was provided by the Bank of North Dakota during the 2007-09 biennium.	\$1,041,200	1,041,200
d. Funding provided for 2 FTE Interactive Video Network positions in the Information Technology Department is removed. The funding is being appropriated directly to the Information Technology Department for the 2009-11 biennium.	(300,110)	(300,110)
Total	\$3,226,145	\$4,267,345

9. Provides funding for capital bond payments	\$11,296,798	\$717,250	\$12,014,048
10. Provides one-time funding for a security and emergency preparedness pool to address campus security and emergency preparedness needs. The Senate removed this funding.	\$4,000,000		\$4,000,000
11. Removes 2007-09 one-time funding for ConnectND support (\$2,300,000), common information services parity funding (\$420,000), and Northern Tier Network infrastructure (\$2,773,800)	(\$2,720,000)	(\$2,773,800)	(\$5,493,800)
12. Removes funding for 2007-09 capital assets, including bond payments of \$15,754,112 and \$750,000 for a master capital plan and deferred maintenance at Mayville State University	(\$15,474,362)	(\$1,029,750)	(\$16,504,112)
13. Adjusts the number of FTE positions by 1.30 FTE positions pursuant to Section 13 of House Bill No. 1003 (2007) which authorizes the State Board of Higher Education to adjust FTE positions as needed subject to the availability of funds for institutions and entities under its control			

Other Sections in Bill

Student loan trust fund - Section 8 provides that \$2,011,570 of the special funds appropriated in the bill are from the student loan trust fund to be used for the professional student exchange program (\$990,970) and ConnectND (\$1,020,600).

Federal, private, and other funds - Section 9 provides an appropriation through June 30, 2011, for federal, private, and other funds that are received by institutions under the control of the State Board of Higher Education. The section also provides an appropriation through June 30, 2011, for funds received under the North Dakota-Minnesota reciprocity agreement.

Transfer authority - Section 10 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. Section 11 provides that the State Board of Higher Education may transfer funds from an institution's deferred maintenance line item to the institution's capital assets line item or may transfer funds from an institution's capital assets line item to deferred maintenance line item.

Security and emergency preparedness transfers - Section 12 provides that \$750,000 of the North Dakota University System office security and emergency preparedness line item be used for the benefit of institutions under its control.

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 issue authorization - Section 15 authorizes the State Board of Higher Education to arrange for \$60,679,500 of revenue bonds for capital projects at Williston State College, North Dakota State University, the State College of Science, Mayville State University, Minot State University, and Valley City State University.

Tuition increases - Section 16 limits tuition increases for institutions under the control of the State Board of Higher Education for the 2009-11 biennium. Four-year institutions are limited to 4 percent annual tuition increases and two-year institutions may not increase tuition beyond the level in effect during the spring 2009 semester.

North Dakota University System employee compensation - Section 17 requires that each employee of the North Dakota University System whose documented performance meets all standards is to receive a minimum monthly salary increase of \$100 on July 1, 2009, and July 1, 2010. Section 18 limits annual compensation adjustments of University System office employees to 5 percent annually. Section 18 also states that University System office employees with an annual salary greater than \$100,000 on January 1, 2009, are not to receive compensation adjustments for the 2009-11 biennium.

Science, technology, engineering, and mathematics initiative - Section 19 provides that \$1,500,000 included in the science, technology, engineering, and mathematics teacher education line item be used to enhance existing teacher education programs at North Dakota University System institutions and may not be used for infrastructure projects.

Legislative Council studies - Sections 20 and 21 provide for Legislative Council studies of the Bismarck Family Practice Center and the feasibility of implementing a higher education completion-based funding model.

Continuing Appropriations

Special revenue funds - North Dakota Century Code (NDCC) Section 15-10-12 - Provides the continuing appropriation authority for higher education institutions' special revenue funds, including tuition, through June 30, 2009. Senate Bill No. 2038 (2009) would continue the continuing appropriation authority through June 30, 2011. See **Major Related Legislation** for more information.

Major Related Legislation

Senate Bill No. 2038 - This bill continues through June 30, 2011, the continuing appropriation of higher education institutions' special revenue funds and through July 31, 2011, the authority for the North Dakota University System to continue at the end of the biennium unspent general fund appropriations and the requirement that the budget request and appropriation of the North Dakota University System include block grants for a base funding component, an initiative funding component, and an asset funding component. The bill

provides for a Legislative Council study of higher education and provides performance and accountability measures to be included in the State Board of Higher Education performance and accountability report pursuant to NDCC Section 15-10-14.2.

Senate Bill No. 2062 - This bill provides a \$25 million general fund appropriation for higher education student financial assistance programs. The bill also creates three new sections to NDCC Chapter 15-62.2 relating to opportunity grants and amends Sections 15-10-37, 15-62.2-02, and 15.1-01-02 relating to financial assistance grants.

Senate Bill No. 2076 - This bill amends NDCC Section 15-10-12.1 to increase, from \$385,000 to \$550,000, the amount of campus improvements and building maintenance financed by donations, gifts, grants, and bequests that can be authorized by the State Board of Higher Education without legislative approval.

Senate Bill No. 2087 - This bill creates a new section to NDCC Chapter 15-10 to provide an open records exemption for records that would identify an individual applying for or under consideration for employment as the commissioner of higher education or president of an institution under the control of the State Board of Higher Education. The records of applicants who are finalists for a position would be considered open records.

House Bill No. 1434 - This bill provides for the creation of an endowment fund at each institution under the control of the State Board of Higher Education and provides a \$500,000 general fund appropriation to be allocated among the funds.

ATTACH:1