

**Department 215 - North Dakota University System Office
 House Bill No. 1003**

Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2015-17 Executive Budget	114.99	\$165,213,670	\$2,011,216	\$167,224,886
2013-15 Legislative Appropriations ^{1,2}	112.91	162,045,136	2,299,912	164,345,048
Increase (Decrease)	2.08	\$3,168,534	(\$288,696)	\$2,879,838

¹The 2013-15 appropriation amounts have not been reduced for any general fund allocations to institutions from the following one-time funding pools and one-time program funding appropriated to the North Dakota University System office:

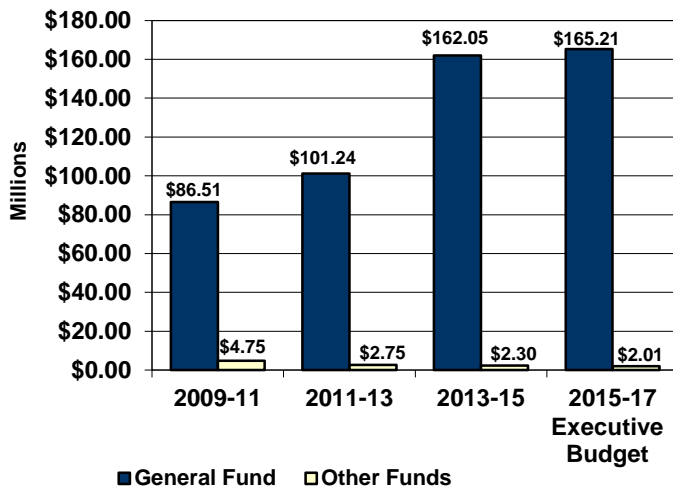
- \$5 million deferred maintenance funding pool.
- \$5.5 million capital projects contingency funding pool.
- \$5 million performance funding pool.
- \$29 million higher education challenge grant program.

²The number of FTE positions for the 2013-15 biennium does not reflect an adjustment of .08 positions from 112.91 to 112.99, pursuant to Section 36 of 2013 Senate Bill No. 2003 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.

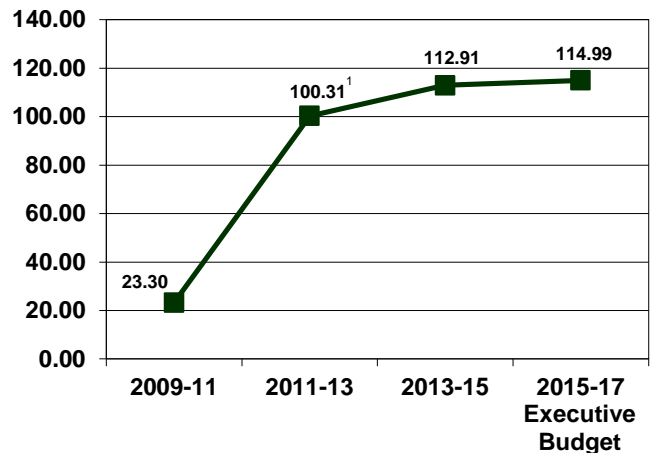
Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2015-17 Executive Budget	\$128,172,170	\$37,041,500	\$165,213,670
2013-15 Legislative Appropriations	111,561,723	50,483,413	162,045,136
Increase (Decrease)	\$16,610,447	(\$13,441,913)	\$3,168,534

Agency Funding



FTE Positions



¹Reflects the transfer of 78.27 System Information Technology Services FTE positions from University System institutions to the University System office.

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2015-17 Executive Budget	\$165,213,670	\$2,011,216	\$167,224,886
2015-17 Base Level	111,561,723	2,299,912	113,861,635
Increase (Decrease)	\$53,651,947	(\$288,696)	\$53,363,251

First House Action

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget for the University System office and University System institutions.

**Executive Budget Highlights
(With First House Changes in Bold)**

	General Fund	Other Funds	Total
System governance			
1. Provides funding for state employee salary and benefit increases for University System office employees, excluding Core Technology Services, of which \$74,151 relates to costs to continue fiscal year 2015 salary and benefit increases, \$534,426 is for 2015-17 biennium annual salary increases of 4 percent per year, \$142,127 is for health insurance increases, and \$58,024 is for retirement contribution increases. The House provided funding for costs to continue fiscal year 2015 salary and benefit increases, salary increases of 3 percent per year, and funding for health insurance increases, but did not include funding for retirement contribution increases.	\$808,728	\$0	\$808,728
2. Adds 3 internal audit FTE positions and relating operating expenses. The House did not add the FTE positions.	\$820,419	\$0	\$820,419
3. Adds funding to the University System office budget to eliminate campus assessments of \$431,627 for systemwide internal auditing. The House did not add the internal audit assessment funding.	\$929,942	\$0	\$929,942
4. Transfers 1 FTE position and related funding to the Department of Veterans' Affairs for the State Approving Agency	\$0	(\$288,696)	(\$288,696)
5. Increases funding for competitive research matching funds to provide total funding from the general fund of \$8 million. The House did not add the increased funding for competitive research.	\$950,000	\$0	\$950,000
6. Increases funding for student mental health services	\$33,480	\$0	\$33,480
7. Adds ongoing funding for campus master planning and space utilization studies. The House did not add funding for campus master plan and space utilization studies.	\$750,000	\$0	\$750,000
8. Increases funding for tribal college assistance grants to provide total funding of \$1.5 million. The House reduced funding for tribal college assistance grants to provide a total of \$500,000.	\$500,000	\$0	\$500,000
9. Adjusts funding for capital bond payments to provide for total 2015-17 bond payments of \$8,368,836	(\$2,067,209)	\$0	(\$2,067,209)
10. Adds one-time funding for an open educational resources initiative. The House added one-time funding of \$110,000 for open educational resources training.	\$220,000	\$0	\$220,000
11. Adds one-time funding to continue the higher education challenge fund matching grant program. The House added one-time funding of \$19 million from the general fund to House Bill No. 1151 for the higher education challenge fund matching grant program.	\$29,000,000	\$0	\$29,000,000
12. Adds one-time funding for a deferred maintenance funding pool to be distributed to institutions	\$5,000,000	\$0	\$5,000,000
Core Technology Services			
13. Provides funding for state employee salary and benefit increases for Core Technology Services employees, of which \$273,490 relates to costs to continue fiscal year 2015 salary and benefit increases, \$1,205,989 is for 2015-17 biennium salary increases of 4 percent per year, \$416,173 is for health insurance increases, and \$117,135 is for retirement contribution increases. The House provided funding for costs to continue fiscal year 2015 salary and benefit increases, salary increases of 3 percent per year, and funding for health insurance increases, but did not include funding for retirement contribution increases.	\$2,012,787	\$0	\$2,012,787
14. Adds ongoing funding for information technology security	\$152,900	\$0	\$152,900

15. Adds ongoing funding for centralized document imaging (the executive budget reduces funding at institutions for document imaging by \$366,825)	\$915,400	\$0	\$915,400
16. Adds ongoing funding for predictive analytics reporting	\$1,910,000	\$0	\$1,910,000
17. Adds one-time funding for information technology security projects	\$1,350,000	\$0	\$1,350,000
18. Adds one-time funding for centralized document imaging	\$270,000	\$0	\$270,000
19. Adds one-time funding for an identity management system	\$1,020,000	\$0	\$1,020,000
20. Adds one-time funding for predictive analytics reporting	\$181,500	\$0	\$181,500
Student financial assistance programs			
21. Increases funding for the student financial assistance grant program (needs-based financial aid) to increase the maximum grant award to \$1,716 during the 2015-16 academic year and to \$1,784 during the 2016-17 academic year. The House added funding to increase the student financial assistant grant award amount to \$1,950 per year.	\$1,723,000	\$0	\$1,723,000
22. Increases funding for the academic and career and technical education scholarship program for costs to continue the program (\$3,294,000) and to increase the scholarship award amount from \$1,500 to \$2,500 per year for new recipients (\$3,877,000). The House added funding to continue existing scholarship recipients in the program and added funding to increase the scholarship award amount to \$1,950 per year for new recipients.	\$7,171,000	\$0	\$7,171,000

Other Sections in Bill

Higher education audit positions - Section 4 provides an appropriation to the State Auditor for 6 higher education audit FTE positions. Section 21 creates a new section in North Dakota Century Code Chapter 54-10 to provide statutory provisions regarding the audit of higher education institutions by the State Auditor.

Higher education attorney positions - Section 5 provides an appropriation to the Attorney General for 6 higher education attorney FTE positions. Section 22 amends Section 54-12-08 to remove the authority of the State Board of Higher Education to employ attorneys to represent the state.

Campus building projects - Section 6 amends Section 15-10-12.1 to require legislative authorization to construct, purchase, receive, or renovate a building if the building or project cost exceeds \$385,000.

Authority to set tuition rates - Section 7 amends Section 15-10-17 to remove the authority of the State Board of Higher Education to set tuition rates at institutions under its control.

Capital project requests - Section 8 adds a section to Chapter 15-10 to require future University System capital projects to conform to University System master plan and space utilization studies and requires future University System capital project budget requests for new buildings over \$5 million to include a 3 percent funding request to be set aside for future maintenance costs.

Required use of information technology services - Section 9 adds a section to Chapter 15-10 to require entities under the control of the State Board of Higher Education to obtain electronic mail, file server administration, database administration, storage, application server, and hosting services through a delivery system established by the board.

Information technology audits - Section 10 adds a section to Chapter 15-10 to exempt information technology vulnerability audits from disclosure under open records laws.

Unified system for workforce, vocational, and technical education - Section 11 adds a section to Chapter 15-10 to require the State Board of Higher Education to create a unified system for workforce, vocational, and technical education programs. Section 12 creates a workforce education advisory council to advise the board regarding workforce education. Section 3 provides a contingent general fund appropriation of \$50,000 to be provided to the board upon the implementation of a unified system of workforce, vocational, and technical education.

Scholarship reporting - Section 13 adds a section to Chapter 15-10 to require the State Board of Higher Education to provide an annual report regarding the award of academic and career and technical education scholarships. This reporting requirement currently exists in Chapter 15-62.2 which is being repealed in the bill.

Higher education funding formula - Sections 14 through 17 make adjustments to the higher education funding formula established in Chapter 15-18.2, including adjustments to the remedial education factor, credit completion factor, institution size factor, and base credit-hour funding rates.

Student financial assistance grant amounts - Section 18 creates Chapter 15-62.4 to increase the maximum needs-based student financial assistance grant amount from \$1,650 per year to \$1,950 per year, to clarify that the awards can be distributed on a semester or quarter basis, and to clarify the definition of a resident student to be consistent with the academic and career and technical education scholarship program.

Scholars program - Section 19 creates Chapter 15-62.5 to provide clarification regarding residency requirements for the scholars program and the ability to disburse awards on a semester or quarter basis.

Academic and career and technical education scholarship amounts - Section 20 amends Section 15.1-21-02.6 to increase the academic and career and technical education scholarship award amounts from \$1,500 to \$1,950 per year for new recipients that graduate from high school during or after the 2014-15 school year.

Higher education budget requests - Sections 23 and 24 amend Sections 54-44.1-04 and 54-44.1-06 to require State Board of Higher Education budget requests to include the same detail and supporting information as other state agency budget requests.

Carryover authority - Section 25 continues the authorization through July 31, 2017, for institutions under the control of the State Board of Higher Education to carry over unexpended appropriations at the end of a biennium.

Repealed chapter - Section 26 repeals Chapter 15-62.2 which relates to the student financial assistance grant program and scholars program. Revised language for the programs is added in other bill sections.

Systemwide funding pool transfers - Section 27 provides that the State Board of Higher Education may transfer funds from the deferred maintenance funding pool, extraordinary repairs funding pool, campus security funding pool, and from the education incentive programs funding pool to institutions under its control.

Project management oversight - Section 28 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.

Minard Hall project - Section 29 authorizes North Dakota State University to continue 2007-09 and 2009-11 biennium appropriations for the Minard Hall project into the 2015-17 biennium. The section also requires North Dakota State University to provide reports on the status of the project to Budget Section.

Minot State University football stadium project - Section 30 authorizes Minot State University to use up to \$4 million of funds from the City of Minot and \$1 million of local institution funds for the football stadium press box project.

Student loan trust fund - Section 31 provides that \$1,004,744 of the special funds appropriated in the bill are from the student loan trust fund to be used for the professional student exchange program (\$465,307) and for ConnectND project positions (\$539,437).

University of North Dakota School of Medicine and Health Sciences funding - Section 32 provides that a portion of the operations funding appropriated to the University of North Dakota be transferred to the School of Medicine and Health Sciences consistent with the proposed higher education student credit-hour funding method.

Transfer authority - Section 34 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.

Performance funding pool carryover authority - Section 35 cancels the \$5 million general fund appropriation for a performance funding pool provided during the 2013-15 biennium and reduces the general fund appropriation for the system governance line item in an amount equal to any transfers from the pool.

Bismarck Family Practice Center skywalk project and grant for civics curriculum - Section 36 cancels \$550,000 of 2013-15 biennium general fund appropriation for the Bismarck Family Practice Center skywalk project and requires the remaining \$200,000 to be provided as a grant for the development of civics curriculum.

State Fleet Services motor coaches - Section 37 requires the University of North Dakota and North Dakota State University to reimburse the Department of Transportation for costs associated with previous use by these institutions of State Fleet Services Motor coaches.

Comprehensive performance evaluations - Section 38 requires comprehensive performance evaluations of the Chancellor, vice chancellors, institution presidents, and institution vice presidents if the individuals have been employed in those positions for at least three years.

Data inconsistencies - Section 39 requires the State Board of Higher Education to address identified data inconsistency issues and report to the 65th Legislative Assembly regarding the status of the inconsistencies.

Report on permanent funds - Section 40 requires a report from the State Board of Higher Education to the 65th Legislative Assembly regarding the use of funds disbursed to higher education institutions from the income of permanent funds established for the benefit of the institution in Article IX, Section 1, of the Constitution of North Dakota.

Use of extraordinary campus needs funding - Section 41 requires a report from Williston State College to the 65th Legislative Assembly regarding the use of extraordinary campus needs funding provided to the institution.

Legislative Management studies - Sections 42 and 43 provide for Legislative Management studies of the missions of University System institutions and higher education course delivery methods.

Continuing Appropriations

Special revenue funds - Section 33 appropriates federal, private, and other local funds received by entities under the control of the State Board of Higher Education, including tuition revenue, during the 2015-17 biennium.

Deficiency Appropriations

University System deficiency appropriations - Senate Bill No. 2023 includes \$5,502,579 from the general fund for the following deficiency appropriations for University System institutions:

Institution	Project	Deficiency Appropriation
Williston State College	Boiler building roof repair	\$50,000
Minot State University	Expenses relating to flooding in 2010 and 2011	2,000,579
Valley City State University	Flood protection project	3,300,000
Valley City State University	Demolish existing building	152,000
Total - General fund		\$5,502,579

Significant Audit Findings

The State Auditor's office identified the following significant systemwide audit findings for the University System during the 2013-14 interim:

- Internal auditing - University System internal auditors did not maintain adequate continuing education and a peer review of the internal audit function should be conducted every five years.
- Internal control and fraud risk - The University System has not established adequate internal control policies or required a comprehensive fraud and control risk assessment at each institution.
- Institution foundation financial statements - The Dickinson State University Foundation, the Dakota College at Bottineau Foundation, and the University of North Dakota Center for Innovation Foundation received qualified financial statement audit reports. The foundations are considered component units of the University System and qualified audits of the foundations may affect the University System financial statements.

Major Related Legislation

House Bill No. 1013 - Permanent Funds Distributions - Provides the following distributions to University System institutions from permanent funds established for the benefit of the institutions:

Institution	Distribution
North Dakota State University	\$3,368,000
University of North Dakota	2,742,000
North Dakota State College of Science	1,066,000
Valley City State University	570,000
Mayville State University	382,000
Dakota College at Bottineau	78,000
Dickinson State University	78,000
Minot State University	78,000
Total	\$8,362,000

House Bill No. 1045 - Private Postsecondary Institution Reporting Requirements - Requires private postsecondary institutions to notify the State Board of Higher Education or State Board of Career and Technical Education of any changes to the institution's accreditation status. The bill also requires private postsecondary institutions to notify current or potential students if a program or course complies with the certification requirements of the appropriate professional board in the state.

House Bill No. 1051 - Higher Education Information Technology - Systemwide Email - Email Retention - Records Retention - Requires all institutions under the control of the State Board of Higher Education to use systemwide email and to retain all emails for five years. The bill also clarifies that the State Board of Higher Education and the institutions under the control of the State Board of Higher Education are included in the state's records retention policies. The bill provides a one-time general fund appropriation of \$350,000 for costs associated with implementing the email retention requirements.

House Bill No. 1052 - Higher Education Information Technology Reports - Requires the Chief Information Officer of the University System rather than the Commissioner of Higher Education (Chancellor) to coordinate with the Information Technology Department and to report to the Information Technology Committee.

House Bill No. 1127 - Residency for Tuition Purposes - Clarifies tuition residency requirements for veterans.

House Bill No. 1139 - Dickinson State University Student Housing - Provides for a Legislative Management study of student housing needs at Dickinson State University.

House Bill No. 1444 - Employee Contracts - Requires employee contracts of state agencies, including institutions and entities under the control of the State Board of Higher Education, to include a provision for early termination for cause without the state incurring any obligation for a severance payment.

House Bill No. 1151 - Higher Education Challenge Grants - Continues the higher education challenge grant program into the 2015-17 biennium and appropriates \$19 million from the general fund for grants.

Senate Bill Nos. 2074 and 2075 - Academic and Career and Technical Education Scholarships - Provides for various adjustments to the eligibility criteria to receive an academic or career and technical education scholarship.

Senate Bill No. 2134 - Executive Session for Personnel Actions - Allows for the appointment and removal of institution presidents and the Chancellor to occur in executive session unless the employee requests the meeting to be open to the public and the board concurs.

Senate Bill No. 2150 - Student Rights at Disciplinary Proceedings - Allows students to be represented by an attorney or other advocate at certain disciplinary hearings.

Senate Bill No. 2288 - Gap Scholarship Programs - Creates a new gap scholarship program to provide assistance to students attending higher education institutions in the state.

North Dakota University System Office - Budget No. 215
House Bill No. 1003
Base Level Funding Changes

	Executive Budget Recommendation				House Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total
2015-17 Biennium Base Level	112.91	\$111,561,723	\$2,299,912	\$113,861,635	112.91	\$111,561,723	\$2,299,912	\$113,861,635
2015-17 Ongoing Funding Changes								
Provide employee salary and benefit increases		\$2,821,515		\$2,821,515		\$2,095,253		\$2,095,253
Expand internal audit department and eliminates campus assessments	3.00	1,750,361		1,750,361				0
Expand information technology security		152,900		152,900		152,900		152,900
Create centralized document imaging		915,400		915,400		915,400		915,400
Increase needs-based financial aid		1,723,000		1,723,000		4,388,597		4,388,597
Increase merit-based financial aid		7,171,000		7,171,000		4,997,653		4,997,653
Transfer state approving agency	(1.00)		(\$288,696)	(288,696)	(1.00)		(288,696)	(288,696)
Increase tribal college grants		500,000		500,000				0
Increase competitive research funding		950,000		950,000				0
Add ongoing funding for space utilization study		750,000		750,000				0
Adjust capital bond payments		(2,067,209)		(2,067,209)		(2,067,209)		(2,067,209)
Increase funding for student mental health services		33,480		33,480		33,480		33,480
Add funding for predictive analytics		1,910,000		1,910,000		1,910,000		1,910,000
FTE adjustment pursuant to Section 36 of 2013 Senate Bill No. 2003	0.08			0	0.08			0
Reduce system governance funding				0		(2,000,000)		(2,000,000)
Reduce tribal college grants				0		(500,000)		(500,000)
Remove internal audit positions				0	(7.00)	(771,964)		(771,964)
Remove legal positions				0	(8.60)	(2,558,140)		(2,558,140)
Extraordinary repairs funding pool				0		11,162,008		11,162,008
Unified workforce education				0		50,000		50,000
Total ongoing funding changes	2.08	\$16,610,447	(\$288,696)	\$16,321,751	(16.52)	\$17,807,978	(\$288,696)	\$17,519,282
One-time funding items								
Deferred maintenance funding pool		\$5,000,000		\$5,000,000		\$5,000,000		\$5,000,000
Higher education challenge fund		29,000,000		29,000,000				0
Expanded information technology security		1,350,000		1,350,000		1,350,000		1,350,000
Centralized document imaging system		270,000		270,000		270,000		270,000
Identity management system		1,020,000		1,020,000		1,020,000		1,020,000
Predictive analytics training		181,500		181,500		181,500		181,500
Open educational resources		220,000		220,000		110,000		110,000
Campus security funding pool		0		0		3,000,000		3,000,000

Total one-time funding changes	0.00	\$37,041,500	\$0	\$37,041,500	0.00	\$10,931,500	\$0	\$10,931,500
Total Changes to Base Level Funding	2.08	\$53,651,947	(\$288,696)	\$53,363,251	(16.52)	\$28,739,478	(\$288,696)	\$28,450,782
2015-17 Total Funding - NDUS Office	114.99	\$165,213,670	\$2,011,216	\$167,224,886	96.39	\$140,301,201	\$2,011,216	\$142,312,417

Other Sections in House Bill No. 1003

	<u>Executive Budget Recommendation</u>	<u>House Version</u>
Higher education funding formula	Sections 3 and 4 make adjustments to the higher education funding formula established in North Dakota Century Code Chapter 15-18.2 including increases in the base credit-hour funding rates.	Sections 14 through 17 adjust the remedial education factor from 2.3 to 1.0, adjusts credit completion factor rates, and adjusts institutional size factor. Also adjusts base credit hour funding rates.
Student financial assistance grants amounts	Section 5 amends Section 15-62.2-02 to increase the maximum needs-based student financial assistance grant amount from \$1,650 per year to \$1,716 during the 2015-16 academic year and to \$1,784 during the 2016-17 academic year.	Section 18 creates Chapter 15-62.4 to increase the maximum needs-based student financial assistance grant amount from \$1,650 per year to \$1,950 per year, to clarify that the awards can be distributed on a semester or quarter basis, and clarifies the definition of a resident to be consistent with the academic and career and technical education scholarship program.
Academic and career and technical education scholarship amounts	Section 6 amends Section 15.1-21-02.6 to increase the academic and career and technical education scholarship award amounts from \$1,500 to \$2,500 per year for new recipients that graduate from high school during or after the 2014-15 school year.	Section 20 amends Section 15.1-21-02.6 to increase the academic and career and technical education scholarship award amounts from \$1,500 to \$1,950 per year for new recipients that graduate from high school during or after the 2014-15 school year.
Carryover authority	Section 7 continues the authorization through July 31, 2017, for institutions under the control of the State Board of Higher Education to carryover unexpended appropriations at the end of a biennium.	Section 25 continues the authorization through July 31, 2017, for institutions under the control of the State Board of Higher Education to carryover unexpended appropriations at the end of a biennium.
Systemwide funding pool transfers	Section 8 provides that the State Board of Higher Education may transfer funds from the deferred maintenance funding pool and from the education incentive programs funding pool to institutions under its control.	Section 27 provides that the State Board of Higher Education may transfer funds from the deferred maintenance funding pool, campus security pool, extraordinary repairs funding pool, and the education incentive programs funding pool to institutions under its control.
Project management oversight	Section 9 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.	Section 28 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.

Executive Budget Recommendation

House Version

Minard Hall project	Section 10 authorizes North Dakota State University to continue 2007-09 and 2009-11 biennium appropriations for the Minard Hall project into the 2015-17 biennium. The section also requires North Dakota State University to provide reports on the status of the project to Budget Section.	Section 29 authorizes North Dakota State University to continue 2007-09 and 2009-11 biennium appropriations for the Minard Hall project into the 2015-17 biennium. The section also requires North Dakota State University to provide reports on the status of the project to Budget Section.
Minot State University football stadium project	Section 11 authorizes Minot State University to use up to \$4 million of funds from the city of Minot and \$1 million of local institution funds for the football stadium press box	Section 30 authorizes Minot State University to use up to \$4 million of funds from the city of Minot and \$1 million of local institution funds for the football stadium press box
Student loan trust fund	Section 12 provides that \$1,004,744 of the special funds appropriated in the bill are from the student loan trust fund to be used for the professional student exchange program (\$465,307) and for ConnectND positions (\$539,437).	Section 31 provides that \$1,004,744 of the special funds appropriated in the bill are from the student loan trust fund to be used for the professional student exchange program (\$465,307) and for ConnectND positions (\$539,437).
University of North Dakota School of Medicine and Health Sciences funding	Section 13 provides that a portion of the operations funding appropriated to the University of North Dakota be transferred to the University of North Dakota School of Medicine and Health Sciences consistent with the proposed higher education student credit-hour funding method.	Section 32 provides that a portion of the operations funding appropriated to the University of North Dakota be transferred to the University of North Dakota School of Medicine and Health Sciences consistent with the proposed higher education student credit-hour funding method.
Continuing appropriation	Section 14 appropriates federal, private, and other local funds received by entities under the control of the State Board of Higher Education, including tuition revenue, during the 2015-17 biennium.	Section 33 appropriates federal, private, and other local funds received by entities under the control of the State Board of Higher Education, including tuition revenue, during the 2015-17 biennium.
Transfer authority	Section 15 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 34 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.
Performance funding pool carryover authority	Section 16 provides that the \$5 million general fund appropriation for a performance funding pool during the 2013-15 biennium may be continued into the 2015-17 biennium and distributed to institutions based on criteria determined by the State Board of Higher Education.	Section 35 cancels the \$5 million general fund appropriation for a performance funding pool provided during the 2013-15 biennium and reduces the general fund appropriation for the system governance line item in an amount equal to any transfers from the pool.
FTE positions	Section 17 authorizes the State Board of Higher Education to adjust FTE positions as needed for institutions and entities under its control.	
Bond issue authorization	Section 18 authorizes the State Board of Higher Education to arrange for \$10 million of revenue bonds for an aquatic center project at North Dakota State University.	

Executive Budget Recommendation

Legislative authorization of campus projects

Setting of tuition rates

Future capital project requests

Use of electronic mail, file server, database administration, application server, and hosting services

Audits of computer systems - Open records

Unified workforce education system

Scholars program

Higher education audit and legal positions

State Board of Higher Education budget requests

Repealed chapter

House Version

Section 6 requires legislative authorization to construct, purchase, or receive a donated building or to renovate a building if the project cost exceeds \$385,000.

Section 7 removes the authority of the State Board of Higher Education to set tuition rates at institutions under its control.

Section 8 requires future capital projects to conform to master plan and space utilization studies and requires future capital project budget requests for new buildings over \$5 million to include a 3 percent funding request to be set aside for future maintenance costs.

Section 9 requires entities under the control of the State Board of Higher Education to obtain electronic mail, file server administration, database administration, storage, application server, and hosting services through a delivery system established by the board.

Section 10 exempts computer vulnerability audits from disclosure under open records laws.

Section 11 and 12 require the State Board of Higher Education to create a unified system for workforce, vocational, and technical education programs. A workforce education advisory council is also created to advise the board regarding workforce education.

Section 19 adds a new chapter to provide clarification regarding residency requirements for the program and the ability to disburse awards on a semester or quarter basis.

Section 21 and 22 provide statutory language regarding the reporting of higher education audit positions to the State Auditor and legal positions to the Attorney General.

Section 23 and 24 require State Board of Higher Education budget requests to include the same detail as other state agency budget requests.

Section 26 repeals Chapter 15-62.2 which related to the student financial assistance grant program and the scholars program. Two new chapters were created for the programs.

Executive Budget Recommendation

Bismarck Family Practice Center skywalk project and grant for civics curriculum

State fleet motorcoaches

Comprehensive performance evaluations

State Board of Higher Education data inconsistencies

Use of funding disbursed from permanent funds

Extraordinary campus needs report

Legislative Management studies

House Version

Section 36 cancels \$550,000 of 2013-15 biennium general fund appropriation for the Bismarck Family Practice Center skywalk project and requires the remaining \$200,000 to be provided as a grant for the development of civics curriculum.

Section 37 requires the University of North Dakota and North Dakota State University to each reimburse the Department of Transportation for prior use of state fleet motorcoaches.

Section 38 requires comprehensive performance evaluations of the chancellor, vice chancellors, institution presidents, and institution vice presidents if the individuals have been employed in those positions for at least three years.

Section 39 requires the State Board of Higher Education to address identified data inconsistency issues and report to the 65th Legislative Assembly regarding the status of the inconsistencies.

Section 40 requires a report from the State Board of Higher Education to the 65th Legislative Assembly regarding the use of funds disbursed to higher education institutions from permanent funds established for the benefit of the institution in Article IX, Section 1, of the Constitution of North Dakota.

Section 41 requires a report from Williston State College to the 65th Legislative Assembly regarding the use of extraordinary campus needs funding provided to the institution.

Section 42 and 43 provide for Legislative Management studies of institution missions and higher education course delivery methods.

University System Institutions - Budget No. 215
House Bill No. 1003
Base Level Funding Changes

	Executive Budget Recommendation				House Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2015-17 Biennium Base Level	2,162.82	\$563,008,935	\$0	\$563,008,935	2,162.82	\$563,008,935	\$0	\$563,008,935
2015-17 Ongoing Funding Changes								
Funding model adjustment for credit-hour production and other base adjustment		\$35,960,058		\$35,960,058		\$37,144,039		\$37,144,039
Funding model equity adjustments		13,862,404		13,862,404				0
Funding model inflationary adjustment		53,100,847		53,100,847				0
Tuition freeze at two-year institutions		2,766,722		2,766,722				0
Campus security	15.50	2,411,750		2,411,750				0
UND School of Medicine RuralMed program increase		996,843		996,843		996,843		996,843
Transfer document imaging to NDUS office		(366,825)		(366,825)		(366,825)		(366,825)
Transfer PAR/Starfish funding to NDUS office		(224,500)		(224,500)		(224,500)		(224,500)
Remove internal audit campus assessments		(431,627)		(431,627)		(431,627)		(431,627)
Base increase in extraordinary repairs		6,402,711		6,402,711				0
Transfer base extraordinary repairs to funding pool				0		(11,117,046)		(11,117,046)
Adjust FTE positions pursuant to Section 36 of 2013 Senate Bill No. 2003	113.17			0	113.17			0
Total ongoing funding changes	128.67	\$114,478,383	\$0	\$114,478,383	113.17	\$26,000,884	\$0	\$26,000,884
One-time funding items								
Major capital projects (see attached detail)		\$135,759,212	\$44,848,194	\$180,607,406		\$62,000,000		\$62,000,000
Special assessments payoff		4,250,689		4,250,689		4,250,689		4,250,689
Campus security projects		6,016,291		6,016,291				0
UND School of Medicine and Health Sciences - Health care work force initiative	21.00	13,814,806		13,814,806	21.00	13,814,806		13,814,806
UND School of Medicine and Health Sciences - Residency positions				0		4,700,000		4,700,000
State College of Science Fargo expansion		5,000,000		5,000,000				0
Total one-time funding changes	21.00	\$164,840,998	\$44,848,194	\$209,689,192	21.00	\$84,765,495	\$0	\$84,765,495
Total Changes to Base Level Funding	149.67	\$279,319,381	\$44,848,194	\$324,167,575	134.17	\$110,766,379	\$0	\$110,766,379
2015-17 Total Funding - Institutions	2,312.49	\$842,328,316	\$44,848,194	\$887,176,510	2,296.99	\$673,775,314	\$0	\$673,775,314

**North Dakota University System
Major Capital Projects Detail**

Project	Executive Budget			House Version		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Bismarck State College - Campus infrastructure	\$1,575,000		\$1,575,000	\$0	\$0	\$0
Bismarck State College - Student Union lower level renovation		\$600,000	600,000			0
Lake Region State College - Switchgear, electrical services, window replacement	1,648,423		1,648,423			0
University of North Dakota - School of Medicine and Health Sciences facility - Phase II	62,000,000		62,000,000	\$62,000,000		\$62,000,000
University of North Dakota - Student engagement projects		6,000,000	6,000,000			0
University of North Dakota - Airport project	16,000,000		16,000,000			0
North Dakota State University - Aquatic center (\$10 million of revenue bonds)		11,000,000	11,000,000			0
North Dakota State University - Minard Hall		600,000	600,000			0
State College of Science - Infrastructure repairs	13,298,000		13,298,000			0
Valley City State University - Fine arts building	25,850,000		25,850,000			0
Valley City State University - Heating plant	14,289,000		14,289,000			0
Valley City State University - Health and wellness facility		16,000,000	16,000,000			0
Dakota College at Bottineau - Allied Health and Wellness Center		6,864,118	6,864,118			0
Dakota College at Bottineau - Dormitory upgrades		3,784,076	3,784,076			0
Dakota College at Bottineau - Nelson Science Center renovaton	1,098,789		1,098,789			0
Total	\$135,759,212	\$44,848,194	\$180,607,406	\$62,000,000	\$0	\$62,000,000