

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

First Chamber Comparison to Base Level

	General Fund	Other Funds	Total
2023-25 First Chamber Version	\$210,077,663	\$26,629,233	\$236,706,896
2023-25 Base Level	116,898,476	25,757,035	142,655,511
Increase (Decrease)	\$93,179,187	\$872,198	\$94,051,385

First Chamber Changes

A summary of the first chamber's changes to the agency's base level appropriations and the executive budget is attached as an appendix.

Selected Bill Sections Included in the First Chamber Version

Additional funds appropriation authority - Section 3 appropriates any additional other funds received by entities under the control of the State Board of Higher Education to the respective entities, including funding for capital projects.

Mayville State University - Section 4 appropriates \$49,970,100 from the strategic investment and improvements fund (SIIF) for the renovation of Old Main at Mayville State University (MaSU).

Extraordinary repairs matching funds - Section 5 requires institutions to match state extraordinary repairs funding on a \$1 to \$1 basis using operations or other funding, except for the University of North Dakota (UND) and North Dakota State University (NDSU), which must match \$2 to \$1.

Strategic investment and improvements fund - Section 6 identifies \$293,290,000 for various institution capital projects from SIIF.

NDSU workforce education - Section 7 identifies \$4.8 million appropriated from the general fund to NDSU for creating or expanding programs and enrollment initiatives to address workforce needs.

Support for single parents - Section 8 identifies \$4.5 million appropriated from the general fund to the North Dakota University System office for support for single mothers.

Severance agreements - Section 9 provides for the transfer of \$367,000 from the University System office carryover to NDSU for the cost of a severance agreement entered into with the previous President of NDSU. Section 19 provides for future severance agreements to be paid from the University System office budget, subject to Emergency Commission and Budget Section approval.

Dual-credit tuition scholarships - Section 10 provides for a transfer of \$1.5 million from Bank of North Dakota profits to the University System office for dual-credit tuition scholarships.

Career builders - Sections 11 and 12 provide for transfers totaling \$15 million from Bank profits to the career builders program. Sections 23 through 25 amend language to continue and expand the program.

Capital building fund program - Sections 13 and 14 provide for the continuation of the capital building fund program, including a transfer of \$29 million from SIIF to the University System capital building fund and the authorization to use money in the fund for new capital projects. Section 34 restricts the use of capital building fund money for deferred maintenance and extraordinary repairs projects to academic and student housing facilities. Section 41 provides an exemption to allow Lake Region State College (LRSC) to use money in its capital building fund allocation for the wind turbine gear box replacement without providing matching funds.

Capital project requests - Section 15 restricts the State Board of Higher Education from requesting state funds for capital projects from the 69th Legislative Assembly. Section 30 requires institutions to identify matching funds for future capital project requests for state funds.

Project management oversight - Section 16 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.

UND School of Medicine and Health Sciences funding - Section 17 authorizes the transfer of funds between UND and the UND School of Medicine and Health Sciences based on the recommendation of the Commissioner of Higher Education.

Higher education trends - Section 18 provides for the Chancellor of the University System to provide an annual report to the Budget Section regarding higher education trends.

Academic program approval - Section 20 requires the State Board of Higher Education to approve institution requests for new academic programs within 30 days.

Disclosure of financial condition - Section 21 requires the State Board of Higher Education to provide a disclosure of financial condition to qualified applicants designated as finalists for the position of president.

Campus policies and procedures - Section 22 provides the president of an institution may adopt policies, procedures, and directives for the institution without the approval of faculty and others through shared governance.

Higher education challenge grants - Sections 26 through 28 adjust the higher education challenge grant statutory language and provide for the distribution of up to \$36 million of grant funds to eligible institutions. Section 38 eliminates the allocation of higher education challenge grant funds for the UND School of Law; however, funding would still be made available under the UND allocation. Section 38 also eliminates the definition of "projects dedicated exclusively to the advancement of academics" to allow the matching grants to be used as the donor and institution choose.

Workforce Development Council - Section 29 provides for the Workforce Development Council to replace the Workforce Education Advisory Council, which is eliminated in Section 38.

Higher education funding formula - Section 31 provides for all career and technical education (CTE) credits to receive a weighting factor of 5 in the higher education funding formula. Section 32 adjusts the base credit-hour funding rates of the higher education funding formula. Section 33 restores the 96 percent minimum amount payable provision in the higher education funding formula. Section 45 provides legislative intent that dental hygienist program courses be transferred to the CTE instructional program classification factor in the higher education funding formula.

Student financial assistance grants - Section 35 increases the maximum award amounts for the needs-based student financial assistance grant program. Section 46 declares Section 35 to be an emergency measure.

Digitization of Theodore Roosevelt documents - Section 36 removes the requirement for Dickinson State University (DSU) to establish an endowment for the digitization of documents relating to Theodore Roosevelt.

Carryover authority - Section 37 continues the authorization through July 31, 2025, for institutions under the control of the State Board of Higher Education to continue unexpended appropriations at the end of a biennium. Sections 42 and 43 provide exemptions for institutions to continue appropriation authority for various capital projects.

Transfer authority - Section 39 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 assets.

FTE positions - Section 40 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.

Tuition rate increase limitation - Section 44 provides for a tuition freeze, excluding certain high-cost programs which are limited to a tuition rate increase of 1 percent per year.

Deficiency Appropriations

College ready English and math - Senate Bill No. 2025 includes a deficiency appropriation of \$99,768 from the general fund to Dakota College at Bottineau (DCB) for expenses related to the college ready English and math program. The Dakota College at Bottineau was to have been reimbursed for these expenses by the Department of Public Instruction (DPI) during the 2019-21 biennium.

Significant Audit Findings

The State Auditor's office reported the University System office did not report to the appropriations committees of the 67th Legislative Assembly on its use of \$5.5 million in appropriations that were continued from the 2017-19 biennium to the 2019-21 biennium.

Major Related Legislation

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

Institution	2021-23 Distribution	2023-25 Distribution	Increase (Decrease)
North Dakota State University	\$6,620,000	\$7,648,000	\$1,028,000
University of North Dakota	5,084,000	5,986,000	902,000
North Dakota State College of Science	1,941,000	2,259,700	318,700
Valley City State University	1,178,000	1,354,000	176,000
Mayville State University	742,000	894,000	152,000
Dakota College at Bottineau	285,000	343,700	58,700
Dickinson State University	285,000	343,700	58,700
Minot State University	285,000	343,700	58,700
Total	\$16,420,000	\$19,172,800	\$2,752,800

House Bill No. 1241 - Provides for a workforce education innovation program to provide funds to University System institutions to create or enhance educational programs that address workforce needs in the state.

House Bill No. 1382 - Expands eligibility for the North Dakota scholarship to include apprenticeship program participants.

Senate Bill No. 2025 - Provides a deficiency appropriation to DCB for reimbursement from DPI related to the college ready English and math program.

Senate Bill No. 2032 - Appropriates \$3 million from the general fund to DPI to provide grants to accredited institutions of higher education to assist paraprofessionals to become qualified teachers.

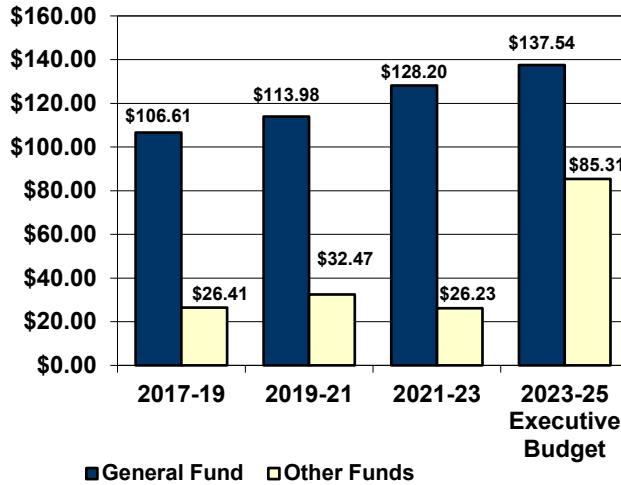
Senate Bill No. 2197 - Appropriates \$5 million from the general fund for a re-energize North Dakota scholarship program to recruit and retrain individuals to work in the oil and gas industry. This bill also appropriates \$125,000 and 1 FTE to the University System office for student financial assistance and scholarship programs coordination and marketing.

Senate Bill No. 2288 - Appropriates \$250,000 from the general fund for nursing program matching grants.

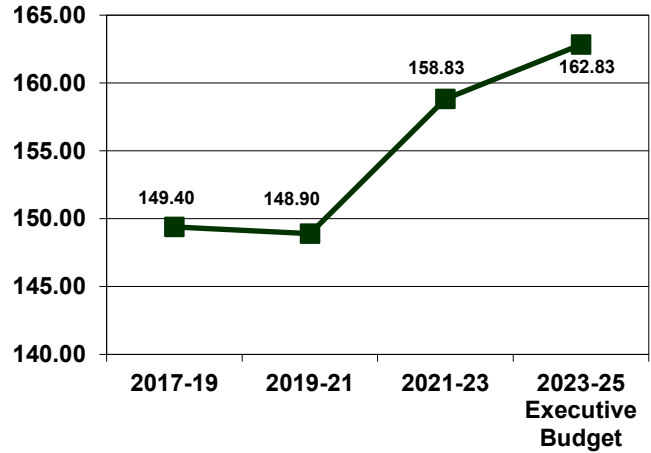
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing general fund appropriations	\$110,229,818	\$101,639,530	\$102,327,097	\$116,898,476	\$121,898,614
Increase (decrease) from previous biennium	N/A	(\$8,590,288)	\$687,567	\$14,571,379	\$5,000,138
Percentage increase (decrease) from previous biennium	N/A	(7.8%)	0.7%	14.2%	4.3%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	(7.8%)	(7.2%)	6.0%	10.6%

Major Increases (Decreases) in Ongoing General Fund Appropriations

2017-19 Biennium

- Underfunded salaries and wages (\$578,097)
- Adjusted funding for Core Technology Services, including the removal of 1 FTE position (\$2,604,292)
- Reduced funding for student financial assistance grants (\$1,968,854)
- Reduced funding for academic and CTE scholarships (\$1,117,347)
- Reduced funding for competitive research grants (\$560,475)
- Eliminated funding for 2-year campus marketing (\$747,600)

2019-21 Biennium

- Increased funding for student financial assistance grants \$2,000,000
- Increased funding for tribal college grants to provide a total of \$1 million from the general fund \$900,000
- Removed funding for the science, technology, engineering, and mathematics (STEM) loan forgiveness program (\$500,000)
- Transferred the teacher shortage loan forgiveness program to DPI (\$2,103,393)
- Reduced funding for capital bond payments (\$1,645,878)

2021-23 Biennium

- Increased funding for academic and CTE scholarships \$4,200,000
- Added funding for the nursing education consortium \$1,356,000
- Increased funding for capital bond payments \$8,425,816

2023-25 Biennium (Executive Budget Recommendation)

- 1. Adds funding for software costs and an information technology security operations center \$2,500,000
- 2. Increases funding for academic and CTE scholarships \$1,000,000
- 3. Increases funding for the Native American scholarship program \$444,677
- 4. Reduces funding for capital bond payments (\$2,187,368)

One-Time General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
One-time general fund appropriations	\$31,467,497	\$4,970,000	\$11,650,000	\$11,300,000	\$15,644,978

Major One-Time General Fund Appropriations

2017-19 Biennium

- 1. Provided funding for the higher education challenge fund \$2,000,000
- 2. Provided funding for campus workforce initiatives \$2,700,000

2019-21 Biennium

- 1. Provided funding for the higher education challenge fund \$9,650,000
- 2. Provided funding for the capital building fund program \$2,000,000

2021-23 Biennium

- Provided funding for the higher education challenge fund \$11,150,000

2023-25 Biennium (Executive Budget Recommendation)

- 1. Provides funding for the behavioral health initiative \$3,640,624
- 2. Provides funding for a new financial aid system \$1,554,354
- 3. Provides funding for the Dakota Digital Academy \$450,000
- 4. Provides funding for workforce education innovation grants \$10,000,000

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 Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	158.83	\$116,898,476	\$25,757,035	\$142,655,511	158.83	\$116,898,476	\$25,757,035	\$142,655,511
2023-25 Ongoing Funding Changes								
Base payroll changes	4.00	\$211,768	\$82,198	\$293,966	4.00	\$211,768	\$82,198	\$293,966
Salary increase		1,940,770	723,804	2,664,574		1,439,734	542,026	1,981,760
Health insurance increase		496,486	242,398	738,884		507,907	247,974	755,881
Adds funding for financial aid staff				0		125,000		125,000
Increases funding for the academic and CTE scholarship programs to provide a total of \$17,216,749		1,000,000		1,000,000		1,000,000		1,000,000
Increases funding for the Native American scholarship program to provide a total of \$1 million		444,677		444,677		444,677		444,677
Removes funding for the dual-credit tuition scholarship			(1,500,000)	(1,500,000)				0
Increases funding for the veterans assistance program to provide a total of \$454,875		177,000		177,000		177,000		177,000
Adds funding for tribal college grants to provide a total of \$2 million				0		1,000,000		1,000,000
Adds funding for student financial assistance grants to provide a total of \$35.9 million				0		12,000,000		12,000,000
Adds funding for maintenance of a new financial aid system		273,180		273,180		273,180		273,180
Adds funding for software costs and a security operations center		2,500,000		2,500,000		4,500,000		4,500,000
Adds funding for the general fund Capitol space rent model		143,625		143,625		143,625		143,625
Reduces funding for capital bond payments		(2,187,368)		(2,187,368)		(2,187,368)		(2,187,368)
Adds funding to limit tuition increases				0		939,310		939,310
Total ongoing funding changes	4.00	\$5,000,138	(\$451,600)	\$4,548,538	4.00	\$20,574,833	\$872,198	\$21,447,031
One-Time Funding Items								
Adds funding for the higher education challenge grant program			\$50,000,000	\$50,000,000		\$36,000,000		\$36,000,000
Adds funding for the behavioral health initiative		\$3,640,624		3,640,624				0
Adds funding for a new financial aid software system		1,554,354		1,554,354		1,554,354		1,554,354
Adds funding to continue the Dakota Digital Academy		450,000		450,000		450,000		450,000
Adds funding from the legacy earnings fund for energy workforce education scholarships			10,000,000	10,000,000				0
Adds funding for workforce education innovation grants		10,000,000		10,000,000		10,000,000		10,000,000
Adds funding for support of single parents				0		4,500,000		4,500,000
Adds funding for passthrough grants				0		20,100,000		20,100,000

Total one-time funding changes	0.00	\$15,644,978	\$60,000,000	\$75,644,978	0.00	\$72,604,354	\$0	\$72,604,354
Total Changes to Base Level Funding	4.00	\$20,645,116	\$59,548,400	\$80,193,516	4.00	\$93,179,187	\$872,198	\$94,051,385
2023-25 Total Funding	162.83	\$137,543,592	\$85,305,435	\$222,849,027	162.83	\$210,077,663	\$26,629,233	\$236,706,896
<i>Federal funds included in other funds</i>			\$0				\$0	
<i>Total ongoing changes as a percentage of base level</i>	2.5%	4.3%	(1.8%)	3.2%	2.5%	17.6%	3.4%	15.0%
<i>Total changes as a percentage of base level</i>	2.5%	17.7%	231.2%	56.2%	2.5%	79.7%	3.4%	65.9%

Other Sections in North Dakota University System Office - Budget No. 215

	Executive Budget Recommendation	House Version
Additional funds appropriation authority	Section 9 would appropriate any additional other funds received by entities under the control of the State Board of Higher Education to the respective entities.	Section 3 appropriates any additional other funds received by entities under the control of the State Board of Higher Education to the respective entities.
MaSU Old Main renovation		Section 4 appropriates \$49,970,100 from SIIF for the renovation of Old Main at MaSU.
Extraordinary repairs matching funds	Section 14 would require institutions to match state extraordinary repairs funding on a \$2 to \$1 basis using operations or other funding.	Section 5 requires institutions to match state extraordinary repairs funding on a \$1 to \$1 basis using operations or other funding, except for UND and NDSU, which must match \$2 to \$1.
Strategic investment and improvements fund	Section 20 would identify \$9,624,100 for capital projects, including the LRSC wind turbine replacement, DSU agriculture and technical education building, MaSU Old Main renovation, MiSU Dakota Hall demolition, and DCB Old Main renovation, is from SIIF.	Section 6 identifies \$293,290,000 for various institution capital projects is from SIIF.
NDSU workforce education		Section 7 identifies \$4.8 million appropriated from the general fund to NDSU is for creating or expanding programs and enrollment initiatives to address workforce needs.
Support for single parents		Section 8 identifies \$4.5 million appropriated from the general fund to the University System office is for support for single mothers.
Severance agreement transfer		Section 9 provides for the transfer of \$367,000 from University System office carryover to NDSU for the cost of a severance agreement entered into with the previous President of NDSU. Section 19 provides for future severance agreements to be paid from the University System office budget, subject to Emergency Commission and Budget Section approval.
Dual-credit tuition scholarships		Section 10 provides for a transfer of \$1.5 million from Bank of North Dakota profits to the University System office for dual-credit tuition scholarships.
Career builders		Sections 11 and 12 provide for transfers totaling \$15 million from Bank profits to the career builders program. Sections 23 through 25 amend language to continue and expand the program.
Capital building fund program	Sections 15 and 16 would provide for the continuation of the capital building fund program, including a transfer of \$19 million from SIIF to the University System capital building fund and the authorization to use money in the fund for new capital projects.	Sections 13 and 14 provide for the continuation of the capital building fund program, including a transfer of \$29 million from SIIF to the University System capital building fund and the authorization to use money in the fund for new capital projects. Section 34 restricts the use of capital building fund money for deferred maintenance and extraordinary repairs projects to academic and student housing facilities.

Other Sections in North Dakota University System Office - Budget No. 215

	<u>Executive Budget Recommendation</u>	<u>House Version</u>
Capital projects requests - Restriction		Section 15 restricts the State Board of Higher Education from requesting state funds for capital projects from the 69th Legislative Assembly.
Project management oversight	Section 10 would require 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 16 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.
UND School of Medicine and Health Sciences funding	Section 11 would authorize the transfer of funds between UND and the UND School of Medicine and Health Sciences based on the recommendation of the Commissioner of Higher Education.	Section 17 authorizes the transfer of funds between UND and the UND School of Medicine and Health Sciences based on the recommendation of the Commissioner of Higher Education.
Higher education trends - Report		Section 18 provides for the Chancellor of the University System to provide an annual report to the Budget Section regarding higher education trends.
Academic program approval		Section 20 requires the State Board of Higher Education to approve institution requests for new academic programs within 30 days.
Disclosure of financial condition		Section 21 requires the State Board of Higher Education to provide a disclosure of financial condition to qualified applicants designated as finalists for the position of president.
Campus policies and procedures		Section 22 provides the president of an institution may adopt policies, procedures, and directives for the institution without the approval of faculty and others through shared governance.
Higher education challenge grants	Sections 3 and 5 would adjust the higher education challenge grant statutory language and provide for the distribution of up to \$50 million of grant funds to eligible institutions. Section 4 would eliminate the allocation of higher education challenge grant funds for the UND School of Law.	Sections 26 through 28 adjust the higher education challenge grant statutory language and provide for the distribution of up to \$36 million of grant funds to eligible institutions. Section 38 eliminates the allocation of higher education challenge grant funds for the UND School of Law; however, funding would still be made available under the UND allocation. Section 38 also eliminates the definition of "projects dedicated exclusively to the advancement of academics" to allow the matching grants to be used as the donor and institution choose.
Workforce Development Council		Section 29 provides for the Workforce Development Council to replace the Workforce Education Advisory Council, which is eliminated in Section 38.
Capital project requests - Matching funds		Section 30 requires institutions to identify matching funds for future capital project requests for state funds.
Higher education funding formula	Section 6 would adjust the base credit-hour funding rates of the higher education funding formula. Section 7 would restore the 96 percent minimum amount payable provision in the higher education funding formula.	Section 31 provides for all CTE credits to receive a weighting factor of 5 in the higher education funding formula. Section 32 adjusts the base credit-hour funding rates of the higher education funding formula. Section 33 restores the 96 percent minimum amount payable provision in the higher education funding formula.

Other Sections in North Dakota University System Office - Budget No. 215

	Executive Budget Recommendation	House Version
Student financial assistance grants		Section 35 increases the maximum award amounts for the needs-based student financial assistance grant program. Section 46 declares Section 35 to be an emergency measure.
Digitization of Theodore Roosevelt documents		Section 36 removes the requirement for DSU to establish an endowment for the digitization of documents relating to Theodore Roosevelt.
Carryover authority	Section 8 would continue the authorization through July 31, 2025, for institutions under the control of the State Board of Higher Education to continue unexpended appropriations at the end of a biennium.	Section 37 continues the authorization through July 31, 2025, for institutions under the control of the State Board of Higher Education to continue unexpended appropriations at the end of a biennium.
Transfer authority	Section 12 would provide 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 assets.	Section 39 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 assets.
FTE positions	Section 13 would authorize 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.	Section 40 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.
Capital building fund - Matching funds exemption		Section 41 provides an exemption to allow LRSC to use money in its capital building fund allocation for the wind turbine gear box replacement without providing matching funds.
Capital projects carryover	Sections 17 and 21 through 28 would provide exemptions for institutions to continue appropriation authority for various capital projects.	Sections 42 and 43 provide exemptions for institutions to continue appropriation authority for various capital projects.
Tuition rate increase limitation		Section 44 provides for a tuition freeze, excluding certain high-cost programs which are limited to a tuition rate increase of 1 percent per year.
Dental hygienist credits		Section 45 provides legislative intent that dental hygienist program courses be transferred to the CTE instructional program classification factor in the higher education funding formula.
Legacy earnings fund	Sections 18 and 19 would identify \$60 million, including \$50 million for higher education challenge grants and \$10 million for energy workforce education scholarships, is from the legacy earnings fund.	