

INFORMATION REGARDING THE NORTH DAKOTA UNIVERSITY SYSTEM LONG-TERM FINANCING PLAN AND RELATED PEER INSTITUTIONS

The 1999-2000 Higher Education Roundtable made recommendations in several areas, including the recommendation that the State Board of Higher Education and the chancellor develop a long-term financing plan and a resource allocation model. As a result, the State Board of Higher Education contracted with the National Center for Higher Education Management Systems for assistance with the development of a long-term financing plan and resource allocation model. The board reviewed the recommendations of the National Center for Higher Education Management Systems and adopted a long-term financing plan consisting of base operating funding, incentive funding, and capital asset funding components.

BASE FUNDING COMPONENT

The base operating funding component of the long-term financing plan provides funding to each higher education institution to support core campus functions, such as instruction, research, and public service. The funding for each institution is based on the institution's current state general fund appropriation with general fund appropriation increases to address parity (or inflation) and equity.

The following is a summary of the State Board of Higher Education recommendations relating to the base operating funding component of the long-term financing plan and resource allocation model:

1. Establish peer comparator institutions for each higher education institution based on an agreed-upon selection criteria, including institution type, city size, Carnegie classification code, land grant institution or medical school, total full-time equivalent (FTE) students, total headcount enrollment, a percentage of part-time headcount, degrees awarded, degree program mix, and research expenditures.
2. Review national Integrated Postsecondary Education Data Systems (IPEDS) data on unrestricted state and local appropriations **and** net tuition revenues (total tuition revenue less scholarships, waivers, and discounts) on a per FTE student basis for each of the peer institutions.
3. Establish a base operating fund benchmark for each higher education institution based on the review of the state and local appropriations and net tuition revenues per student information. The benchmarks are to be reestablished every six years and, in the intervening years, are to be inflated by a percentage amount equivalent

to the consumer price index. The following is a summary of the base operating fund benchmarks as originally established by the State Board of Higher Education and the benchmarks as reported in the 2003 annual performance and accountability report:

| Institution | Original Base Operating Fund Benchmark | Current Base Operating Fund Benchmark ¹ |
|--|--|--|
| Bismarck State College | \$7,750 | \$8,560 |
| Dickinson State College | \$7,500 | \$8,290 |
| Lake Region State College | \$9,250 | \$10,220 |
| Mayville State University ² | \$9,000 | \$9,940 |
| Minot State University | \$8,500 | \$9,390 |
| Minot State University - Bottineau | \$9,000 | \$9,940 |
| North Dakota State University ³ | \$10,500 | \$11,600 |
| State College of Science | \$8,500 | \$9,390 |
| University of North Dakota ⁴ | \$13,250 | \$14,640 |
| Valley City State University ² | \$9,000 | \$9,940 |
| Williston State College | \$7,500 | \$8,290 |

¹The base operating fund benchmarks were originally established by the State Board of Higher Education for 1998-99 data comparisons and have been **adjusted for inflation** using the annual change in the consumer price index--3.7 percent for June 2000, 3.2 percent for June 2001, 1.1 percent for June 2002, and 2.1 percent for June 2003.

²Revenue collected from technology fees has been subtracted from tuition collections.

³Funding appropriated for the Higher Education Computer Network (HECN), agriculture extension and experiment, and flood-related expenditures has been deducted from the institution's state appropriation.

⁴Funding appropriated for the HECN, Interactive Video Network, and the On-line Dakota Information Network has been deducted from the institution's state appropriation.

Attached is information regarding higher education institutions' fiscal year 2003 state appropriations and net tuition on a percentage of benchmark per FTE student as reported in the *3rd Annual Accountability Measures Report* published in the December 2003.

4. Establish shared funding percentages to reflect that higher education funding is to be a shared responsibility among stakeholders. The following is a summary of the shared funding percentages established by the board:

| Institution | State Funding Responsibility | Student Funding Responsibility |
|------------------------------------|------------------------------|--------------------------------|
| Bismarck State College | 75% | 25% |
| Dickinson State University | 70% | 30% |
| Lake Region State College | 75% | 25% |
| Mayville State University | 70% | 30% |
| Minot State University | 65% | 35% |
| Minot State University - Bottineau | 75% | 25% |

| | | |
|-------------------------------|-----|-----|
| North Dakota State University | 60% | 40% |
| State College of Science | 75% | 25% |
| University of North Dakota | 60% | 40% |
| Valley City State University | 70% | 30% |
| Williston State College | 75% | 25% |

- Determine the recommended base operating funding levels for each institution based on taking into consideration the base operating fund benchmark, enrollment, and the recommended shared funding percentages.
- Develop budget requests to move institutions currently funded at less than 85 percent of peer institution funding to 85 percent by the 2007-09 biennium and all institutions to 95 percent of peer institution funding by the 2013-15 biennium.
- Allocate no more than 80 percent of all new state funding to parity or inflation and no less than 20 percent of the new funds to equity. The equity funding is to be distributed on a weighted average of each institution's gap differential to its peer comparator institutions.
- State general fund appropriations should not be reduced for any institution from the previous biennium until such time that the

institution exceeds 105 percent of its peer benchmark or enrollment declines are sufficient to cause a reevaluation of its benchmark.

PEER INSTITUTION FUNDING SUMMARY

Pursuant to a request made at the committee's June 14-15, 2004, meeting, the following is a summary of **fiscal year 2002 state appropriations** for the peer comparator institutions for the North Dakota University System as reported in the IPEDS data base. Information regarding fall 2002 headcount enrollment is also provided for comparison purposes. As previously stated, the State Board of Higher Education reviews **state and local appropriations and net tuition** on a per student basis to determine base operating funding levels under the long-term financing plan. Therefore, the information presented in the following summary--fiscal year 2002 state appropriations--is only one of the items considered in the long-term financing plan.

| Higher Education Institution | City/State | Fiscal Year 2002 State Appropriations ¹ | Fall 2002 Headcount Enrollment |
|--|----------------------------------|--|--------------------------------|
| Bismarck State College | Bismarck, North Dakota | \$7,513,418 | 3,168 |
| Iowa Valley Community College District | Marshalltown, Iowa | \$7,709,527 | 2,092 |
| East Central Community College | Decatur, Mississippi | \$8,390,657 | 2,379 |
| Northwest Shoals Community College | Muscle Shoals, Alabama | \$9,533,573 | 4,518 |
| Hawkeye Community College | Waterloo, Iowa | \$9,849,174 | 4,956 |
| Abraham Baldwin Agricultural College | Tifton, Georgia | \$13,100,066 | 3,032 |
| Central Lakes College | Brainerd, Minnesota | \$14,513,800 | 3,240 |
| North Idaho College | Coeur D'Alene, Idaho | \$14,920,482 | 4,222 |
| SUNY College of Technology at Canton | Canton, New York | \$15,017,388 | 2,422 |
| Ridgewater College | Willmar, Minnesota | \$16,900,032 | 3,989 |
| Dakota State University | Madison, South Dakota | \$6,033,536 | 2,257 |
| Dickinson State University | Dickinson, North Dakota | \$6,790,598 | 2,326 |
| Glennville State College | Glennville, West Virginia | \$8,416,070 | 2,181 |
| Indiana University - East | Richmond, Indiana | \$8,634,083 | 2,481 |
| University of Maine at Farmington | Farmington, Maine | \$9,130,000 | 2,399 |
| West Liberty State College | West Liberty, West Virginia | \$10,522,627 | 2,491 |
| University of Arkansas at Monticello | Monticello, Arkansas | \$11,401,081 | 2,482 |
| University of South Carolina at Aiken | Aiken, South Carolina | \$11,790,815 | 3,416 |
| Shawnee State University | Portsmouth, Ohio | \$14,023,513 | 3,606 |
| Lewis-Clark State College | Lewiston, Idaho | \$20,955,579 | 3,108 |
| West Shore Community College | Scottville, Michigan | \$2,382,344 | 1,334 |
| Lake Region State College | Devils Lake, North Dakota | \$2,462,157 | 1,340 |
| Kirtland Community College | Roscommon, Michigan | \$3,058,415 | 1,496 |
| Cecil Community College | North East, Maryland | \$3,214,251 | 1,647 |
| Brunswick Community College | Supply, North Carolina | \$4,607,792 | 1,017 |
| Paul D. Camp Community College | Franklin, Virginia | \$5,213,371 | 1,547 |
| Sampson Community College | Clinton, North Carolina | \$5,620,864 | 1,602 |
| Carteret Community College | Morehead City, North Carolina | \$6,083,572 | 1,704 |
| Clatsop Community College | Astoria, Oregon | Not available | 1,714 |
| Bluffton College ² | Bluffton, Ohio | \$0 | 1,110 |
| Concordia University ² | Irvine, California | \$0 | 1,800 |
| Greensboro College ² | Greensboro, North Carolina | \$0 | 1,205 |

| Higher Education Institution | City/State | Fiscal Year 2002 State Appropriations ¹ | Fall 2002 Headcount Enrollment |
|---|-------------------------------|--|--------------------------------------|
| Houghton College ² | Houghton, New York | \$0 | 1,396 |
| Lyndon State College | Lyndonville, Vermont | \$3,825,800 | 1,315 |
| Mayville State University | Mayville, North Dakota | \$4,083,011 | 746 |
| Western Montana College - University of Montana | Dillon, Montana | \$4,436,578 | 1,142 |
| Valley City State University | Valley City, North Dakota | \$5,508,570 | 1,022 |
| Dakota State University | Madison, South Dakota | \$6,033,536 | 2,257 |
| University of Maine at Presque Isle | Presque Isle, Maine | \$6,080,000 | 1,560 |
| Oklahoma Panhandle State University | Goodwell, Oklahoma | \$6,502,319 | 1,226 |

| Higher Education Institution | City/State | Fiscal Year 2002 State Appropriations ¹ | Fall 2002 Headcount Enrollment |
|---|----------------------------------|--|--------------------------------------|
| Minot State University | Minot, North Dakota | \$12,822,364 | 3,625 |
| University of Montevallo | Montevallo, Alabama | \$14,785,279 | 2,935 |
| East Central University | Ada, Oklahoma | \$16,329,445 | 4,353 |
| Mansfield University of Pennsylvania | Mansfield, Pennsylvania | \$18,627,940 | 3,368 |
| Delta State University | Cleveland, Mississippi | \$20,192,047 | 3,827 |
| Albany State University | Albany, Georgia | \$20,837,257 | 3,557 |
| Southwestern Oklahoma State University | Weatherford, Oklahoma | \$21,016,790 | 5,022 |
| Midwestern State University | Wichita Falls, Texas | \$21,897,745 | 6,218 |
| University of Michigan - Flint | Flint, Michigan | \$24,068,100 | 6,434 |
| Eastern New Mexico University - Main Campus | Portales, New Mexico | \$24,127,300 | 3,607 |
| Miles Community College | Miles City, Montana | \$1,438,797 | 480 |
| Minot State University - Bottineau | Bottineau, North Dakota | \$2,056,442 | 609 |
| Warren County Community College | Washington, New Jersey | \$2,169,265 | 1,129 |
| Garrett College | McHenry, Maryland | \$2,647,543 | 635 |
| Ozarka College | Melbourne, Arkansas | \$2,755,438 | 1,004 |
| Rich Mountain Community College | Mena, Arkansas | \$2,842,068 | 1,102 |
| Clarendon College | Clarendon, Texas | \$2,843,000 | 973 |
| Martin Community College | Williamston, North Carolina | \$4,169,575 | 777 |
| Feather River Community College District | Quincy, California | \$5,198,638 | 1,593 |
| University of Pittsburgh - Titusville | Titusville, Pennsylvania | Not available | 503 |
| North Dakota State University | Fargo, North Dakota | \$63,599,560 | 11,146 |
| University of Alaska Fairbanks | Fairbanks, Alaska | \$97,008,219 | 7,661 |
| University of Wyoming | Laramie, Wyoming | \$109,686,440 | 12,745 |
| University of Idaho | Moscow, Idaho | \$121,546,232 | 12,424 |
| New Mexico State University - Main Campus | Las Cruces, New Mexico | \$126,394,160 | 15,243 |
| Utah State University | Logan, Utah | \$129,039,443 | 22,848 |
| Oregon State University | Corvallis, Oregon | \$138,344,466 | 18,764 |
| Clemson University | Clemson, South Carolina | \$155,453,023 | 16,876 |
| University of Arkansas - Main Campus | Fayetteville, Arkansas | \$157,774,254 | 15,995 |
| Kansas State University | Manhattan, Kansas | \$166,006,382 | 22,762 |
| Central Carolina Technical College | Smuter, South Carolina | \$7,026,595 | 3,265 |
| Indian Hills Community College | Ottumwa, Iowa | \$11,213,616 | 3,693 |
| State College of Science | Wahpeton, North Dakota | \$11,725,195 | 2,439 |
| Saint Paul Technical College | St. Paul, Minnesota | \$13,885,692 | 5,137 |
| Oklahoma State University - Okmulgee | Okmulgee, Oklahoma | \$14,218,641 | 2,679 |
| SUNY College of Technology at Canton | Canton, New York | \$14,755,320 | 2,422 |
| North Idaho College | Coeur D'Alene, Idaho | \$14,920,482 | 4,222 |
| SUNY College of Technology at Alfred | Alfred, New York | \$20,183,855 | 3,296 |
| Texas State Technical College - Harlingen | Harlingen, Texas | \$21,198,990 | 4,073 |
| Northwest Technical College - Bemidji | Bemidji, Minnesota | \$21,527,273 | 5,105 |
| University of North Dakota | Grand Forks, North Dakota | \$63,865,120 | 12,423 |
| University of Missouri - Kansas City | Kansas City, Missouri | \$74,170,026 | 13,881 |
| Wright State University - Main Campus | Dayton, Ohio | \$91,646,664 | 14,397 |
| Ohio University - Main Campus | Athens, Ohio | \$122,818,512 | 20,548 |
| University of Nevada - Reno | Reno, Nevada | \$135,128,091 | 15,093 |
| University of Louisville | Louisville, Kentucky | \$154,656,000 | 20,416 |
| Southern Illinois University - Carbondale | Carbondale, Illinois | \$171,095,920 | 21,873 |
| University of South Carolina at Columbia | Columbia, South Carolina | \$188,630,842 | 25,140 |
| West Virginia University | Morgantown, West Virginia | \$195,639,272 | 23,492 |
| SUNY at Buffalo | Buffalo, New York | \$322,241,616 | 26,168 |
| Bluffton College ² | Bluffton, Ohio | \$0 | 1,110 |
| Concordia University ² | Irvine, California | \$0 | 1,800 |
| Greensboro College ² | Greensboro, North Carolina | \$0 | 1,205 |
| Houghton College ² | Houghton, New York | \$0 | 1,396 |
| Lyndon State College | Lyndonville, Vermont | \$3,825,800 | 1,315 |
| Mayville State University | Mayville, North Dakota | \$4,083,011 | 746 |
| Western Montana College - University of Montana | Dillon, Montana | \$4,436,578 | 1,142 |
| Valley City State University | Valley City, North Dakota | \$5,508,570 | 1,022 |
| Dakota State University | Madison, South Dakota | \$6,033,536 | 2,257 |

| Higher Education Institution | City/State | Fiscal Year 2002 State Appropriations ¹ | Fall 2002 Headcount Enrollment |
|---|--------------------------------|--|--------------------------------------|
| University of Maine at Presque Isle | Presque Isle, Maine | \$6,080,000 | 1,560 |
| Oklahoma Panhandle State University | Goodwell, Oklahoma | \$6,502,319 | 1,226 |
| Miles Community College | Miles City, Montana | \$1,438,797 | 480 |
| West Shore Community College | Scottville, Michigan | \$2,382,344 | 1,334 |
| Williston State College | Williston, North Dakota | \$2,495,661 | 770 |
| Lurleen B. Wallace Junior College | Andalusia, Alabama | \$3,094,782 | 762 |
| University of Arkansas Community College at Morrilton | Morrilton, Arkansas | \$3,985,857 | 1,512 |
| McDowell Technical Community College | Marion, North Carolina | \$4,991,175 | 1,230 |
| Feather River Community College District | Quincy, California | \$5,198,638 | 1,593 |
| Iowa Valley Community College District | Marshalltown, Iowa | \$7,555,605 | 2,092 |
| Northwest Community College | Powell, Wyoming | \$7,640,090 | 1,626 |
| East Central Community College | Decatur, Mississippi | \$8,390,657 | 2,379 |
| ¹ The state appropriation amounts reported are funds appropriated for support of institutional operations and the amounts do not include funds provided for maintenance and replacement of facilities and infrastructure. | | | |
| ² This is a private higher education institution; therefore, the institution does not receive a state appropriation. | | | |

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