

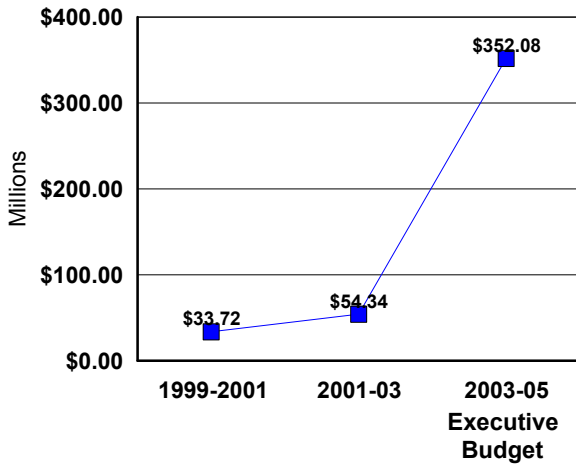
**Department 215 - North Dakota University System Office
 House Bill No. 1003**

	FTE Positions	General Fund	Other Funds	Total
2003-05 Executive Budget	2,382.41	\$352,078,636	\$118,527,913	\$470,606,549
2001-03 Legislative Appropriations	20.00	54,344,838 ¹	3,716,822	58,061,660 ²
Increase (Decrease)	2,362.41	\$297,733,798	\$114,811,091	\$412,544,889

¹ The 2001-03 general fund appropriation is the amount appropriated by the 2001 Legislative Assembly and does not include a reduction of \$275,211 relating to the 1.05 percent budget allotment ordered by Governor Hoeven in July 2002.

² The 2001-03 appropriation amounts reflect general fund allocations of \$3,703,000 from the equity and special needs funding pool, \$298,000 from the board initiatives funding, and \$100,000 from the contingency and capital improvement funding. The 2001-03 appropriation amounts do not reflect general fund allocations of \$925,824 from the equity and special needs funding pool, \$26,938,419 from the technology funding pool, \$170,000 from the board initiatives funding, and \$125,000 from the contingency and capital improvement funding considered to be one-time funding for the 2001-03 biennium.

Agency Funding - General Fund



FTE Positions



First House Action

Attached is a summary of the first house changes.

**Executive Budget Highlights
 (With First House Changes Noted)**

- | | General Fund | Other Funds | Total |
|---|---------------------|--------------------|--------------|
| 1. Consolidates funding for the University System office from 16 line items to nine--system governance, Title II, student grant programs, contingency and capital emergency, competitive research, board initiatives, system initiatives, technology pool, and capital assets. The House appropriated funding for the University System office in 13 line items. | | | |
| 2. Consolidates funding for the higher education institutions into two line items in the University System budget--campus operations and capital assets. The House appropriated funding to each of the higher education institutions. | | | |
| 3. Increases the number of FTE positions for the University System office | | | |

from 20 to 2,382.41 to account for the number of higher education institution FTE positions supported by the general fund

4. Increases funding for the Title II line item from \$534,000 to \$695,600		\$161,600	\$161,600
5. Provides the following changes relating to the student grant programs line item, which includes funding for the student financial assistance grant program, professional student exchange program, scholars program, Native American scholarship program, and education incentive programs:			
a. Adjusts funding for the student financial assistance grant program from \$4,223,031 to \$2,930,215 to properly account for carryover from the 1999-2001 biennium and an anticipated decrease in revenue received from the Minnesota reciprocity agreement. The House increased funding for the student financial assistance grant program by \$1.5 million of special funds.	\$59,334	(\$1,352,150)	(\$1,292,816)
b. Adjusts funding for the professional student exchange program from \$1,560,716 to \$1,678,300 to properly account for carryover from the 1999-2001 biennium	\$117,584		\$117,584
c. Adjusts funding for the scholars program from \$770,730 to \$816,368 to properly account for carryover from the 1999-2001 biennium	\$45,638		\$45,638
d. Adjusts funding for the Native American scholarship program from \$204,082 to \$204,086 to properly account for carryover from the 1999-2001 biennium	\$4		\$4
e. Provides funding from the student loan trust fund for the establishment of a student internship program to support internships for students entering growth industries that have critical shortages of available employees. The House removed funding from the student loan trust fund for a student internship program.		\$2,000,000	\$2,000,000
f. Changes the funding source for the student grant programs from primarily the general fund to primarily the student loan trust fund. The House changed the funding source for the student grant programs from primarily the student loan trust fund to primarily the general fund.	(\$6,258,969)	\$6,258,969	\$0
Total	(\$6,036,409)	\$6,906,819	\$870,410
6. Consolidates funding for disabled student services (\$51,560) and equity and special needs (\$925,824) into the contingency and capital emergency line item and provides the following changes:			
a. Decreases funding from the general fund	(\$925,000)		(\$925,000)
b. Provides funding from the water development trust fund for North Dakota State University and University of North Dakota repayment of loans from the Bank of North Dakota for disaster-related payments		\$1,456,074	\$1,456,074
Total	(\$925,000)	\$1,456,074	\$531,074
7. Changes the funding source for competitive research from the general fund to funds from the student loan trust fund. The House changed the funding source for competitive research from the student loan trust fund to the general fund, increased the funding from the general fund by \$1 million, from \$4 million to \$5 million, and provided \$2 million from the general fund for Centers for Excellence.	(\$4,000,000)	\$4,000,000	\$0
8. Increases funding for University System board initiatives by \$100,819, from the 2001-03 biennium adjusted appropriation of \$434,487 to \$535,306, to properly account for carryover from the 1999-2001 biennium. The funding is to support University System and statewide goals linked to the State Board of Higher Education's strategic plan and the Higher Education Roundtable. The House decreased funding for board initiatives by \$100,000, from \$535,306 to \$435,306.	\$100,819		\$100,819
9. Provides funding from the student loan trust fund for system initiatives , including the establishing of Centers for Excellence within the North Dakota University System. The House removed funding from the student loan trust fund for system initiatives.		\$5,000,000	\$5,000,000

10. Consolidates funding for information technology management (\$216,676) into the technology pool and provides the following changes:				\$0
a. Adjusts funding to reflect funding received from North Dakota State University and the University of North Dakota	\$427,756			\$427,756
b. Removes one-time funding provided in the 2001-03 biennium for kindergarten through grade 12 technology items	(\$1,640,746)			(\$1,640,746)
c. Adjusts funding for salary and health insurance increases. The House removed funding for recommended salary increases.	(\$3,968)			(\$3,968)
Total	(\$1,216,958)			(\$1,216,958)
11. Provides funding for the operations of all higher education institutions in one line item-- campus operations . The House allocated the funding pooled for campus operations to the individual higher education institutions.	\$299,415,187			\$299,415,187
12. Provides funding for capital bond payments, campus extraordinary repairs, campus energy projects, and major capital projects in one line item-- capital assets (see Capital Assets section for additional information). The House allocated the funding pooled for campus extraordinary repairs, campus energy projects, and major capital projects to individual higher education institutions.	\$10,080,502	\$97,286,598		\$107,367,100

Student Grant Programs

The executive budget recommends consolidating funding for the student financial assistance grant program, the professional student exchange program, the scholars program, the Native American scholarship program, and education incentive programs into one line item--student grant programs. In addition, the executive budget recommends providing additional funding of \$2 million for an internship program and changing the funding source for the programs from primarily the general fund to primarily the student loan trust fund. The House allocated funding from the student grant programs line item to separate line items, removed funding for the internship program, and changed the funding source for the programs from primarily the student loan trust fund to primarily the general fund. The House also increased special funds spending authority for the student financial assistance grants by \$1.5 million relating to potential payments that may be received under the North Dakota-Minnesota reciprocity agreement. The funding for student grant programs is summarized as follows:

	2001-03 Legislative Appropriation	2003-05 Executive Budget Recommendation	2003-05 House Version	Increase (Decrease)
Student financial assistance grant program	\$4,223,031		\$4,430,215	\$4,430,215
Professional student exchange program	1,560,716		1,678,300	1,678,300
Scholars program	770,730		816,368	816,368
Native American scholarship program	204,082		204,086	204,086
Education incentive programs	830,000		830,000	830,000
Student grant programs		\$8,458,969 ¹	0	(8,458,969)
Total	\$7,588,559	\$8,458,969	\$7,958,969	(\$500,000)
General fund	\$6,036,409		\$6,258,969	\$6,258,969
Federal funds	214,000	\$200,000	200,000	0
Other funds - Minnesota reciprocity	1,338,150		1,500,000	1,500,000
Other funds - Student loan trust fund		8,258,969	0	(8,258,969)
Total	\$7,588,559	\$8,458,969	\$7,958,969	(\$500,000)

¹ The student grant programs line item consists of funding for programs as follows:

	Federal Funds	Student Loan Trust Fund	Total
Student financial assistance grant program	\$200,000	\$2,730,215	\$2,930,215
Professional student exchange		1,678,300	1,678,300
Scholars program		816,368	816,368
Native American scholarship program		204,086	204,086
Education incentive programs		830,000	830,000
Internship program		2,000,000	2,000,000
Total	\$200,000	\$8,258,969	\$8,458,969

Capital Assets

The executive budget provides funding of \$120,097,941 for capital assets, including \$12,790,689 for capital construction lease payments, \$6,932,186 for campus extraordinary repairs, \$3,134,517 for campus energy projects, and \$97,240,549 for major capital projects. The House version of the 2003-05 higher education budget, excluding the Forest Service, provides funding of \$129,587,333

for capital assets, including \$12,790,689 for capital construction lease payments, \$6,856,186 for campus extraordinary repairs, \$3,029,191 for campus energy projects, and \$106,911,267 for major capital projects. The funding for capital assets is summarized as follows:

	General Fund	Special Funds	Bonding	Total
Capital construction lease payments	\$11,448,189	\$1,342,500		\$12,790,689
Campus extraordinary repairs	6,856,186			6,856,186
Campus energy projects			\$3,029,191	3,029,191
Major capital projects	1,310,000	55,118,920	50,482,347	106,911,267 ¹
Total	\$19,614,375	\$56,461,420	\$53,511,538	\$129,587,333

¹ The House version of the 2003-05 higher education budget includes funding of \$106,911,267 for major capital projects, which is summarized as follows:

	General Fund	Special Funds	Bonding
Major capital projects pool to be allocated by the State Board of Higher Education	\$1,310,000		
Bismarck State College - Student apartments			\$1,785,000
Lake Region State College - North Hall resident hall renovation			\$375,000
University of North Dakota - Neuroscience research Phase II		\$17,000,000	
University of North Dakota - Carnegie Library renovation		\$3,300,000	
University of North Dakota - Native American center		\$3,500,000	
University of North Dakota - Squires Dining Center remodeling		\$1,500,000	
University of North Dakota - Athletic complex			\$13,000,000
University of North Dakota - Airline security building		\$5,000,000	
University of North Dakota - Airport hangar			\$2,000,000
University of North Dakota - Wellness Center			\$8,000,000
State College of Science - Student Union remodeling and addition		\$3,300,000	
State College of Science - Blikre Activities Center		\$368,920	
Dickinson State University - Whitney Stadium renovation and addition		\$5,000,000	
Dickinson State University - Murphy Hall Phase I addition			\$5,882,047
Mayville State University - Fieldhouse renovation and addition		\$1,000,000	\$3,000,000
Mayville State University - East Hall remodeling		\$150,000	
Mayville State University - Steamline replacement Phase II			\$1,355,000
North Dakota State University - Bison Sports Arena renovation		\$15,000,000	
North Dakota State University - Bison Court apartment replacement			\$11,000,000
Valley City State University - Graichen Gymnasium elevator and emergency exits			\$785,300
Valley City State University - Kolstoe Hall renovation			\$3,300,000

Major Related Legislation

House Bill No. 1003 - Technology pool - Section 4 of House Bill No. 1003 provides that the State Board of Higher Education is to allocate the technology pool funding for support of the Higher Education Computer Network, the Interactive Video Network, the On-Line Dakota Information Network, and other technology initiatives based on historic funding and the North Dakota University System information technology plan.

House Bill No. 1003 - Bonding issuance authorization - Section 12 of House Bill No. 1003 allows the State Board of Higher Education to arrange for the issuance of revenue bonds for major capital construction projects at various higher education institutions.

House Bill No. 1003 - Project authorizations - Section 13 of House Bill No. 1003 authorizes the Industrial Commission to arrange for the issuance of evidences of indebtedness for the Dickinson State University Murphy Hall Phase I addition (\$5,882,047), Valley City State University Graichen Gymnasium elevator and emergency exits (\$785,300), and Mayville State University's steamline replacement Phase II (\$1,355,000).

House Bill No. 1003 - Bond issuance repayment responsibility - Section 14 of House Bill No. 1003 provides that the Industrial Commission should establish an escrow account for the first two annual lease payments for the retirement of the evidences of indebtedness issued pursuant to Section 13 of the bill. The escrow is to consist of \$1,310,000 from the capital assets in subdivision 1 of Section 1 and \$250,000 from Dickinson State University local sources.

House Bill No. 1003 - Special funds continuing appropriation - This bill provides for the continuation of the continuing appropriation of higher education institutions' special revenue funds, including tuition, through June 30, 2005.

House Bill No. 1003 - Unspent general fund appropriations - This bill provides for the continuation of the University System's authority to carry over at the end of the biennium unspent general fund appropriations through June 30, 2005.

House Bill No. 1003 - Budget request and appropriation - This bill continues the requirement that the budget request for the University System include budget estimates for block grants for a base funding component and for an initiative funding component and a budget estimate for an asset funding component. The bill also continues the requirement that the appropriation for the University System include block grants for a base funding appropriation and for an initiative funding appropriation and an appropriation for asset funding through June 30, 2005.

House Bill No. 1003 - Performance and accountability report - This bill requires the University System performance and accountability report to include an executive summary and specific information regarding education excellence, economic development, student access, student affordability, and financial operations.

House Bill No. 1125 - Scholars program - This bill provides eligibility and award changes for the scholars program.

House Bill No. 1126 - Student financial assistance program - This bill increases the maximum amount for student financial assistance program grants from \$600 to \$1,000.