

Legislative Review

NORTH DAKOTA
UNIVERSITY SYSTEM
The Vital Link to a Brighter Future

A Look at Higher Education in Week 7: Feb. 12–Feb. 16, 2007

House Passes University System Budget Bill *Amended HB 1003 Inadequately Funds NDUS Base Budget*

HB1003, the NDUS appropriation bill, passed the House Feb. 15 on a vote of 65–26 and now will be considered by the Senate.

As amended by the House Appropriations Committee, HB 1003 includes serious reductions in the University System’s base funding.

“The major concern is not the overall level of funding. The problem is that the money has been added for special projects rather than investing in critical areas essential for supporting the core functions, including faculty salaries and technology needs,” said Eddie Dunn, NDUS chancellor.

In addition to capping 2007–09 tuition rate increases at no more than 5 percent, the current version of HB 1003 includes the following state general fund reductions and additions and added requirements.

State General Fund Reductions

- \$6.7 million in base funding from the level recommended in the executive budget (\$2.8 million in one-time funding added for special institutional initiatives and \$9 million in one-time funding added for major capitol projects)
- \$4.2 million resulting from reduction of the “5+5” faculty and staff salary increases to “4+4”
- \$2.2 million in funding allocated to the SBHE for contingencies, emergencies and special initiatives, thereby eliminating most flexible SBHE funding
- Elimination of funding to split the responsibilities of the executive director of CTEC and the vice chancellor for strategic planning

State General Fund Additions

- \$1 million of the \$3 million total cost of a wind turbine at LRSC
- \$350,000 for the NDSCS Nanoscience and Technology Training Program
- \$559,500 to pay off special assessments and deferred maintenance at MaSU
- \$387,000 for a dome floor replacement at MiSU
- \$4.0 million (total of \$6.5 million) for Swain Hall renovation/addition at MiSU
- \$700,000 for the UND School of Medicine and Health Sciences for the bacteriology and immunology program
- \$3.6 million for the UND School of Medicine and Health Sciences for a new family practice center/graduate center in Bismarck
- \$1.4 million for the Northern Tier Network (total of \$2.4 million)
- \$900,000 from the Permanent Oil Tax Trust Fund for a new facility, personnel and related operating expenses for WSC’s oil service rig program

Added Requirements

- HB 1003 now requires Legislative Council to appoint an interim legislative committee to study approaches for achieving increased higher education productivity through:
 - ♦ Measures to build a more cost-effective system
 - ♦ Changes to the academic production function and
 - ♦ Steps that reduce the demand students place on the system



NDUS Legislative Showcase

Feb. 22, 2007
8 a.m. – 3 p.m.

**State Capitol
Memorial Hall**

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For example, this would include review of a more appropriate mix of institutions, reengineering of curricula and course delivery, time-to-degree completion, remediation and effective collaboration among institutions. This amendment also requires the SBHE to utilize \$200,000 of unspent carryover in the NDUS Office for the payment of consulting services for the study.

- In its amended form, HB 1003 repeals Sections 1 and 2 of HB 1031 passed by the House, reverting to the detailed budget requirements that existed prior to the Roundtable on Higher Education.

Senate And House Pass Tribal College Financial Assistance Bill

SB 2404, a bill that would provide \$700,000 in state financial assistance to tribally controlled colleges, was passed by the Senate Feb. 15 on a vote of 31–15. The bill now will be considered by the House.

SB 2404 is intended to help defray the cost of education for non-Indian students at tribally controlled community colleges. During a Feb. 12 Senate Appropriations Committee meeting, Mike Hillman, NDUS vice chancellor for academic and student affairs, testified in support of SB 2404, based on the tribal college and University System's shared commitment to attracting and developing the human capital needed to create a brighter future for the people and state of North Dakota. Hillman encouraged the committee not to fund SB 2404 out of the NDUS appropriation and to reconcile it with HB 1395, a similar bill.

As passed by the Senate, SB 2404 contains a \$700,000 general fund appropriation. HB 1395, however, was amended to change the funding source from state general funds to the State Grant Program and was passed by the House Feb. 15 on a vote of 69–22. Administered by the NDUS Office, State Grant Program funding is allocated to needy students attending public, private and tribal colleges in North Dakota.

“Flexibility with Accountability” Bills Heard

HB 1030, HB 1031 and HB 1032, the three “flexibility with accountability” bills were passed by the House Feb. 13. These bills support continuation of legislation first adopted in 2001, based on the recommendations of the Roundtable on Higher Education. A brief description of each bill and the vote count follows:

HB 1030: Tuition revenues would continue to be appropriated in the same way all other institutional funds, such as grants and contracts, auxiliary revenues and private funds, are appropriated for another two-year period through June 30, 2009. Vote: 93–0

HB 1031: The bill continues the current 2005–07 appropriation bill format of two line items, operations and capital assets, for another two-year period through June 30, 2009. Vote: 89–4

HB 1032: This bill would permit continuation of carryover of unexpended funds from one biennium to the next. Vote: 90–3

House Passes HB 1020, NDSU Ag Budget Bill

HB1020, the appropriation bill for NDSU Extension Service, Research and Branch Centers, Northern Crops Institute (NCI), Upper Great Plains Transportation Institute (UGPTI) & Agronomy Seed Farm was passed by the House Feb. 15 on a vote of 85–4.

A net increase of \$196,116 in state general funds (over the executive recommendation) is included in the amendments in base and one-time funding, as follows:

• **\$1,771,116 net increase in base funding for the following:**

- ♦ Waste management systems program (Extension Service-\$120,000, Main Research Center-\$184,000 & Carrington REC-\$96,000) - \$400,000
- ♦ 4-H youth development position (Extension Service) - \$175,000
- ♦ Rural leadership position (Extension Service) - \$200,000
- ♦ Statewide parenting resource centers (Extension Service) - \$300,000
- ♦ Western North Dakota horticulturist position (Extension Service) - \$250,000
- ♦ Irrigation research position (Williston REC) - \$150,000
- ♦ Junior master gardener program (Extension Service) - \$20,000
- ♦ Replaces special funds from ag research fund with general funds (Main Research Center) - \$300,000
- ♦ Operating fund reduction to UGPTI – \$23,884

• **\$1,575,000 net decrease in one-time funding for the following:**

- ♦ Increase for industrial hemp research at Main Research Center (also authorizes the Main Research Center to

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contract with other entities for the procurement of hemp seed and to conduct the research) - \$300,000

- ♦ Increase for North Central REC equipment storage facility - \$300,000
- ♦ Increase for renovation of NCI offices - \$75,000
- ♦ Reduces funding for North Central laboratory & greenhouse – \$50,000
- ♦ Reduces funding for Carrington, Hettinger and North Central office additions from \$1,107,750 to \$907,750 – \$200,000
- ♦ Reduces funding for the Main Research Center research greenhouse complex from \$9 million to \$7 million – \$2 million

Other amendments include:

- Adds \$750,000 (special funds) to the Main Research Center from the Permanent Oil Tax Trust Fund for an operating pool to be allocated as determined by the director of the Agriculture Experiment Station. The director is to consider decreases in oil revenues at the Dickinson REC when determining the allocation.
- Removes all reference to "phases" for the Research Greenhouse Complex and gives the Main Research Center total project authorization of \$14 million, including \$7 million in new general fund authority plus 2005–07 carryover authority of \$2 million state bonding and \$5 million other funding authority.
- Includes reporting requirement to 2009 appropriation committees on use of \$9,782,750 one-time funds.

Senate Passes North Dakota Promise College Tuition Bill

SB 2347, referred to as the “North Dakota Promise” bill, was passed by the Senate Feb. 14 on a vote of 40–7.

SB 2347 would require the state to pay the bulk – and eventually all – of North Dakota students’ tuition bills if students meet specific residency, curriculum and GPA criteria. Beginning with the 2012–13 school year, eligible students would receive “promise grants” equal to 65 percent of tuition, then 65 percent plus increases at the rate of CPI for the next three years. The grant percentage would increase each year until 2017–18 when it would equal 100 percent of tuition. Students would be eligible for the grants for no more than four consecutive years.

The promise grant pilot program would be evaluated after the 2028–29 school year. A merit award trust fund would be created to pay for the program.

Bills Failed This Week

- HB 1176:** Provides OMB authority to set mileage reimbursement
- HB 1337:** Increases minimum wage rate to \$7.25 on Aug. 1, 2007, and by inflation annually thereafter
- HB 1345:** Relates to workers compensation additional benefit rates
- HB 1385:** Relates to eligibility for workforce 20/20 training, defines “skill training”
- HB 1401:** Provides flexibility on student loan interest rates
- HB 1430:** Creates a new strategic one-time investments fund and requires the transfer of \$187 million prior to June 30, 2007
- HB 1484:** Relates to a \$150,000 general fund appropriation to the DOC for career training program tuition rebates for employment in rural shortage areas
- HB 1512:** Appropriates \$4 million in general funds to the North Dakota Department of Health for grants to postgraduate medical residency training programs and clinics which provide health care to low-income uninsured or underinsured
- SB 2122:** Increases minimum wage rate (\$5.85, \$6.50, \$7.25)
- SB 2184:** Increases required K–12 days to 176 (by 2010); increases compulsory attendance age to 18
- SB 2197:** Provides \$250,000 general fund appropriation to Career and Technical Education for creation of a new elementary student entrepreneurial program
- SB 2306:** Provides a \$20 million appropriation from Bank of North Dakota profits to the SBHE for a one-third match for endowed scholarships
- SB 2362:** Provides an income tax reduction for higher education tuition and related expenses
- SB 2370:** Increases the minimum wage (\$5.85, \$6.50, \$7.25)
- SB 2394:** Relates to preference to North Dakota bidders for purchase of motor vehicles

On the Week Eight Agenda

- SCR 4027 Wed., Feb. 21, 3:15 p.m., S-EDU:** Directs Legislative Council to study the feasibility and desirability of Bismarck State College becoming a four-year baccalaureate degree-granting institution
- HB 1019 Wed., Feb. 21, 3:15 p.m., S-APPR:** Relates to the Career and Technical Education appropriation; workforce training
- HCR 3019 Wed., Feb. 21, 3:20 p.m., H-CON:** Relates to SBHE and chancellor responsibilities