
AGENCY OVERVIEW

230 UNIVERSITY OF NORTH DAKOTA

Date: 12/14/2006

Time: 15:37:44

STATUTORY AUTHORITY

North Dakota Constitution, Articles VIII and IX; North Dakota Century Code Sections 15-11 and 15-22.

AGENCY DESCRIPTION

The University of North Dakota, classified as a "Doctoral/Research University Intensive" institution by the Carnegie Foundation for the Advancement of Teaching, is characterized by a solid foundation of the liberal arts, a manageable size, high-quality students and faculty, a diverse curriculum, a widely recognized program of graduate education and research, law and medical schools praised for quality and innovation, rich cultural resources, and an outstanding record of alumni support. Its major academic divisions include Arts and Sciences, Aerospace Sciences, Business and Public Administration, Education and Human Development, Engineering and Mines, Nursing, Medicine and Health Sciences, Law, Graduate School, and Continuing Education.

AGENCY MISSION

The University of North Dakota, as a member of the North Dakota University System, serves the state, the country and the world community through teaching, research, creative activities, and service. State-assisted, the University's work depends also on federal, private, and corporate sources. With other research universities, the University shares a distinctive responsibility for the discovery, development, preservation and dissemination of knowledge. Through its sponsorship and encouragement of basic and applied research, scholarship, and creative endeavor, the University contributes to the public well-being.

The University maintains its original mission in liberal arts, business, education, law, medicine, engineering and mines; and has also developed special missions in nursing, fine arts, aerospace, energy, human resources and international studies. It provides a wide range of challenging academic programs for undergraduate, professional, and graduate students through the doctoral level. The University encourages students to make informed choices, to communicate effectively, to be intellectually curious and creative, to commit themselves to lifelong learning and the service of others, and to share responsibility both for their own communities and for the world. The University promotes cultural diversity among its students, staff, and faculty.

In addition to its on-campus instructional and research programs and its branch campuses, the University of North Dakota separately and cooperatively provides extensive continuing education and public service programs for all areas of the state and region.

AGENCY PERFORMANCE MEASURES

The North Dakota University System publishes an annual accountability measures report each December, in response to the "flexibility with accountability" expectations of SB 2003 passed by the 2001 Legislative Assembly. Organized according to the six cornerstones of the Roundtable Report, these annual reports provide a useful framework for focusing the assets of the University System on the high-priority needs of the state. The 6th annual accountability measures report is scheduled for completion in December 2006, and will be the most current information available to the 2007 Legislative Assembly.

This annual document serves as a primary tool for reporting on the agreed-upon North Dakota University System accountability measures and as a vehicle through which the system demonstrates its commitment to enhancing the economic and social vitality of North Dakota.

MAJOR ACCOMPLISHMENTS

As part of the foundation for the University's new strategic plan, the University Planning & Budget Committee considered the successes and the areas needing more work based on the existing strategic plan, Pathways to the Future. This consideration was carried out during spring 2004 and selected accomplishments identified were reported as part of the 2005-07 biennial budget submittal. Building on Excellence, the new strategic plan, was released in the summer of 2005. Selected accomplishments are listed below:

PRIORITY ACTION AREA A: Prepare students to lead rich, full lives, to enjoy productive careers, and to make meaningful contributions to society by providing them with a high-quality educational experience solidly grounded in the liberal arts.

- Maintained all institutional and discipline-specific accreditations (22 agencies accrediting 24 Academic Affairs programs and 7 agencies accrediting 15 medical programs)
- Awarded 2,478 degrees in 2004-05
- Noted as one of The Princeton Review's "Best 361 Colleges"
- Faculty salary increases: 7.2% (2001-02), 6.2% (2002-03), 5% (2003-04), 5.6% (2004-05), 5% (2005-06), estimated 3% (2006-07)
- Record number of international students, scholars, and dependents
- Curriculum offerings are continuously improved based on annual departmental assessments/reports and market needs
- 93% of the alumni (based on the 2004 Alumni Survey) gave UND an overall rating of "Excellent" or "Good" compared to 85% of national comparison institutions
- The faculty Program Assessment Resource Team (Bush Foundation funded) and the newly appointed Assistant Provost for Assessment continues to help departments design and implement effective assessment plans
- UND student-athletes continue to excel in the classroom. During the past year, they recorded a cumulative GPA of 3.04. This is the 16th of 17 semesters they have been above a 3.0; 52 student-athletes recorded a perfect 4.0 GPA this past semester; 79% of the female student-athletes, and 65% of all student-athletes were above a 3.0 for the spring semester; 29 student-athletes had a 4.0 for the entire academic year.
- Twenty six UND players were recognized as first, second or third team All-Americans in their respective sports.
- Based on data in the 2005 Cooperative Institutional Research Program (CIRP) survey, the top two reasons influencing an undergraduate student's decision to attend UND versus another school included 1) This college has a very good academic reputation (63.8% UND; 60.3% national), and, 2) This college's graduates get good jobs (57.7% UND; 51.8% national).

PRIORITY ACTION AREA B: *Expand and strengthen the University's commitment to research and creative activity, both as a means of enriching the learning environment and as a driver for economic development.*

- Proposals submitted for sponsored funding increased FY2001 \$130 million to FY2005 \$306.6 million; FY06 through May 31, 2006 \$213 million
- Sponsored awards increased FY2001 \$45 million to FY2005 \$80.6 million; FY06 through May 31, 2006 \$70.1 million
- Sponsored program expenditures increased FY2001 \$46.7 million to FY2005 \$74.7 million
- UND sponsored program activities in FY05 generated nearly \$163 million in economic output and 1,584 jobs across Grand Forks County, the State of North Dakota and the five state North Central Region. \$127.9 million of the \$163 million of economic output and 1,284 of the 1,584 jobs are realized within the state.
- The majority of research expenditures at UND in FY 2005 focused around three clusters; 1) energy and the environmental research, with the Energy and Environmental Research Center leading other units in this cluster with \$19.5 million in research expenditures, 2) life and medical sciences, with the School of Medicine and Health Sciences leading other cluster units with \$19.1 million in research expenditures, and 3) aerospace and aviation research, with the John D. Odegard School of Aerospace Sciences leading other units in this cluster with \$6.5 million in research expenditures.
- Technology transfer and commercialization made outstanding progress during FY05 (first full year of operation) with 20 invention disclosures submitted and 14 patent applications filed.
- ND EPSCoR funding from the State of North Dakota since inception in 1986 has reached \$24.3 million through February of 2006, and resulted in the award of \$193.5 million in external awards during that same period. Current EPSCoR awards include:
 - National Science Foundation, \$6 million

National Institutes of Health/IDeA, \$16 million
National Institutes of Health/COBRE, \$10.3 million
Department of Energy, \$1.5 million
Department of Defense, \$458 thousand
National Aeronautics and Space Administration, \$250 thousand

- The College of Nursing received \$4 million for the construction and operation of The Northern Plains Center for Behavioral Research. UND has committed an additional \$250,000 towards furnishing the building.
- The twenty thousand square foot Ina Mae Rude Entrepreneur Center in the Center for Innovation has been completed, and the Energy and Environmental Research Center has completed the addition of 47,000 square feet of research space.
- Three proposals for Centers for Excellence funding in the amount of \$7 million were funded as follows:
 - \$3.5 million, Center of Excellence in Life Sciences and Advanced Technologies
 - \$2.5 million, National Center for Hydrogen Technology
 - \$1.0 million, Center of Excellence for Unmanned Aerial Vehicles
- NASA's cooperative agreement with UND to house the DC-8 was finalized in June 2005. This is a 5-year agreement with base funding of \$25 million plus \$6 million for mission specific funding.

PRIORITY ACTION AREA C: Serve the people of North Dakota and the world more effectively through applied and basic research, cultural programs, and economic development programs as well as through a comprehensive array of educational offerings.

- Served nearly 17,000 students (unduplicated headcount of 16,839) in degree credit offerings during 2005-06 fall, spring, and summer (to date) semesters
- Student participation in research and community service have increased
- Workforce Development program remains strong - enrolling 1,953 participants in 2005
- Program-to-Program Articulations now in place with 51 community colleges and nearly 800 course-to-course agreements
- Summer enrollment up to record levels along with a wide offering of summer educational experiences
- A record 522 students studied abroad (2004-06)
- UND named 14th in "The Top 25 Most Highly Entrepreneurial Undergraduate Universities" in the country by Forbes.com.
- UND ranked 19th in the country on The Princeton Review's list of the "25 Most Connected Campuses."
- The UND School of Medicine & Health Sciences, which celebrated 100 years of educating doctors, was ranked in the top three in the nation for accomplishments in rural health by US News and World Report. The School of Medicine was also included in a study commissioned by the Carnegie Foundation to study medical education models for the 21st Century. UND's School of Medicine & Health Sciences was the only community-based medical school chosen for the study.

PRIORITY ACTION AREA D: Sustain a positive campus climate for living and learning.

- The University will analyze the results of the NDUS Diversity Council Campus Climate survey administered in the Spring of 2006 and use the information in the next planning process to improve relations between and among faculty, staff, and students.
- Enhancements to the University's physical plant are well under way that will improve the quality of life for all members of the University community. These include construction of a parking ramp, a new apartment complex for students, and the soon to be completed Student Wellness Center.
- The campus is well recognized for its natural beauty. Further beautification efforts continue with the addition of improved campus signage and other landscaping enhancements, including repair and refurbishment of the 100-year-old Adelphi Fountain located on the west bank of the English Coulee.
- The University is working on implementing a card access system to all buildings eliminating the need for keys, thereby increasing safety and security for all.
- The Conflict Resolution Center performs mediation services for faculty, staff, students and the community. The CRC mission is to improve the climate on campus and off-campus.
- The Diversity Advisory Subcommittee of the Council on Campus Climate has established goals for increasing diversity at the University of North Dakota.
- The American Indian Programs Council (AIPC) is co-chaired by the Provost and the Vice President for Student and Outreach Services and meets regularly to examine what the University should be providing in the way of programs for American Indian students and others. An Advisory Board to the AIPC is made up of Tribal officials from five states.
- The University continues its support for three powwows held each year and instituted a special recognition program for American Indian graduates this past year.

- Results of several surveys, e.g., the Campus Quality Survey, the College Student Survey, and the ACT Withdrawing/Non-Returning Survey, are presented by Institutional Research and examined at various levels throughout the University including the President's Cabinet to identify areas where services can and should be improved.
- All departments now have written plans to assess student learning and are now being implemented.
- The College of Nursing will offer a health advocacy course in the fall with the purpose of teaching about health problems that students in this age group experience on campus.
- The Memorial Union supports every aspect of the University's strategic plan and has a large student development and student services mission.
- The University's Crisis Team provides support and assistance to students and their families, on campus and off.
- The University's apartment community is among the most diverse in the state, with 35% of residents being American Indian, Asian American, or foreign nationals.
- The Grand Forks City Council has met with the Student Senate for open discussion of issues of concern.
- The University continues to support a wide variety of cultural, intellectual, artistic, and athletic endeavors enjoyed by the campus community and the community at large.

PRIORITY ACTION AREA E: Optimize and stabilize enrollment to achieve the desired number and mix of students appropriate to the University's mission.

- Fall 2005 enrollment of 12,954 students
- Toward the goal of an average ACT score of entering freshmen of 24 or higher, new freshman automatic admission standards were implemented effective Fall 2005 requiring a 21 ACT score and 2.50 high school grade point average
- Average ACT score of entering freshmen for Fall 2005 was 23.4 (up from 22.7 previous year)
- As part of their first-year experience, over 530 new freshman students enroll in Introduction to University Life course (over 95% of these students were retained to the second semester)
- Almost 800 American Indian and other minority students are enrolled each year

PRIORITY ACTION AREA F: Optimize the use of information technology to improve student learning, research, and the administration of the University.

- The 4th annual IT conference, Beyond Boundaries, was held in October, 2005 with participants from the region, including Manitoba, Canada.
- The Blackboard system was upgraded for reliability and increased capacity.
- The network authentication system used in the Residence Halls was expanded to wireless and open port access in the Memorial Union and Chester Fritz Library.
- An Information Technology Security Officer was hired. This position provides security awareness through a Web Site and through participation in campus IT groups.
- \$250,000 in campus funds enabled telecommunications to install singlemode fiber to support Gigabit network capacity among campus buildings.
- \$85,000 in campus funds enabled telecommunications to continue upgrading internal building cabling towards use of one network for voice, video and data. With this 2nd year of funding, the riser cabling (among cable rooms within buildings) is all that remains for this project to be complete.
- Bandwidth allocation from UND to the commodity Internet increased from 31.5 Mbps to 95 Mbps in February providing faster Internet response—incoming and outgoing--and more reliable videoconferencing out of STAGENet. A redundant OC3 provides 90 Mbps failover in the event of an outage to the primary circuit.
- Student Technology Assistant (STA) pilot program provided student computer lab assistants in 7 academic departments which improved availability of computers to students and minimized faculty technical work. . Pilot project has been continued for an additional year.
- Wireless network access was added in the Education Building and areas of Twamley, Skalicky, and Corwin-Larimore.
- ITSS implemented a SPAM policy to take preventive measures against the proliferation of SPAM.
- The Student Technology Fee provided \$745,000 in funding IT projects across the UND campus. The Student Technology Fee Committee comprised of students, faculty and staff reviewed proposals and recommended awards for projects to support student's access to and use of technology in computer facilities and classrooms. <http://www.und.edu/org/stf/funded.html>
- UND processes were moved to the Oracle PeopleSoft finance, human resources, and campus community (student administration) software. Employees contributed leadership and an enormous amount of time to assist with the transition which is still on-going.

PRIORITY ACTION AREA G: Take resource development to a new level through an enhanced cooperative approach involving the President, Vice Presidents, Deans and Chairs in concert with the UND Foundation and other foundations, while building greater public understanding and support of the University's mission, distinctive qualities and strategic agenda.

- Each college has been given additional resources to support private fund-raising.
- A training program was held for all UND Deans and Department Chairpersons.

PRIORITY ACTION AREA H: In support of all of the above, ensure that the University has a well-prepared, enthusiastic faculty and staff, first-rate physical facilities, an adequate financial resource base, and an appropriate, efficient organizational structure.

- The housing master plan commissioned by UND and completed by Solomon Cordwell Buenz & Associates Inc. highlighted that although most of the residence halls were built in the 1960's and 1970's, they were generally in good condition with the periodic maintenance, renovations and remodeling that had taken place. Replacement housing was recommended for older apartment buildings which were no longer feasible to operate based on projected future maintenance. Construction of a \$20M housing complex is underway with a projected completion of fall 2007.
- The Old Main Marketplace Food Court opened in the fall of 2004, following extensive renovation in the Memorial Union. UND Dining Services continued to support the North Dakota New Economy Initiative by increasing its partnership with Cloverdale Meats in Mandan and Baker Boy in Dickinson.
- The \$19.2 M Wellness Center is scheduled to open fall 2006.
- The American Indian Student Services Center held its grand opening spring 2006.
- Market surveys and studies commissioned by UND have documented a demand for improvements to dining services, a parking ramp and more upscale student housing. UND has been developing plans to upgrade two student dining centers, Squires Hall and Wilkerson Hall. At this time, UND is moving ahead with renovations to the Squires center.
- Enrollment growth at UND has increased the demand for campus parking. Based on campus surveys and analysis of available space and future needs, UND has determined that a parking ramp provides the best solution. Construction is underway on a \$16 M parking garage on the west side of Columbia Road, adjacent to the Memorial Union and Swanson Hall.
- UND Dining Services received two gold awards in the National Association of College and University Food Services Loyal E. Horton Dining Awards. The Winter Wonderland theme dinner won first place in the medium school, residence dining, special events category and Old Main Marketplace won first place in the medium school, retail dining, multiple-concepts category.
- Facilities has completed a comprehensive master plan of the steam plant and steam distribution system which will map a practical path for new growth. This achievement marks the completion of three of the four "Unit Support Plans" (infrastructure, parking and traffic, housing) within the indicators of success in the Strategic Plan.
- The EERC and Facilities are working to construct the new National Center for Hydrogen Technology. This \$3 M project will be the hub for a nation wide effort in developing new methods for producing clean-burning hydrogen as a practical fuel source.

FUTURE CRITICAL ISSUES

Adjustments for Costs to Continue include the following:

- 03-05 EXTRAORDINARY REPAIRS – 2003-05 extraordinary repairs. (-\$2,300,545)
- 03-05 MAJ CAP PROJ - 2003-05 major capital projects (-\$97,831,554) Major capital projects for UND for the 2003-05 biennium included authority for use of federal and other funds for O'Kelly Hall \$3,500,000, SOMHS Laboratory Renovation \$2,500,000, SOMHS Allied Health Facility \$7,500,000, Indoor Track Facility \$6,000,000, College of Nursing Facility \$3,900,000 and Regional Biocontainment Laboratory \$31,000,000. In addition major capital projects funded using revenue bonds included Dining Center Renovation \$2,100,000, Parking Ramp Structure \$19,000,000 and University Housing Replacement \$20,000,000. State bonding was provided for Energy Improvement Projects \$2,331,554.
- 03-05 CARRYOVER – 2003-05 capital assets carryover (-\$664,596)

REQUEST SUMMARY

230 UNIVERSITY OF NORTH DAKOTA

Biennium: 2007-2009

Bill#: HB1003

Date: 12/14/2006

Time: 15:37:44

Description	Expenditures 2003-2005 Biennium	Present Budget 2005-2007	Budget Request Change	Requested Budget 2007-2009 Biennium	Optional Budget Request
BY MAJOR PROGRAM					
UNIVERSITY OF NORTH DAKOTA	101,787,454	238,713,136	-67,564,513	171,148,623	3,433,803
TOTAL MAJOR PROGRAMS	101,787,454	238,713,136	-67,564,513	171,148,623	3,433,803
BY LINE ITEM					
OPERATING EXPENSES	99,578,517	93,011,602	14,268,428	107,280,030	0
CAPITAL ASSETS	1,697,540	2,300,545	1,568,048	3,868,593	3,433,803
CAPITAL ASSETS-CARRYOVER	140,397	664,596	-664,596	0	0
CAPITAL ASSETS NON-STATE FUNDED	0	142,736,393	-82,736,393	60,000,000	0
1997 FLOOD EXPENDITURES	371,000	0	0	0	0
TOTAL LINE ITEMS	101,787,454	238,713,136	-67,564,513	171,148,623	3,433,803
BY FUNDING SOURCE					
GENERAL FUND	101,787,454	95,976,743	15,171,880	111,148,623	3,433,803
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	0	142,736,393	-82,736,393	60,000,000	0
TOTAL FUNDING SOURCE	101,787,454	238,713,136	-67,564,513	171,148,623	3,433,803
TOTAL FTE	706.74	623.76	13.48	637.24	.00

REQUEST DETAIL230 UNIVERSITY OF NORTH DAKOTA
Biennium: 2007-2009

Bill#: HB1003

Date: 12/14/2006

Time: 15:37:44

Description	Expenditures 2003-2005 Biennium	Present Budget 2005-2007	Budget Request Change	Requested Budget 2007-2009 Biennium	Optional Budget Request
OPERATING EXPENSES					
OPERATING FEES AND SERVICES	99,578,517	93,011,602	14,268,428	107,280,030	0
EXTRAORDINARY REPAIRS	0	0	0	0	0
TOTAL	99,578,517	93,011,602	14,268,428	107,280,030	0
OPERATING EXPENSES					
GENERAL FUND	99,578,517	93,011,602	14,268,428	107,280,030	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	0	0	0	0	0
TOTAL	99,578,517	93,011,602	14,268,428	107,280,030	0
CAPITAL ASSETS					
LAND AND BUILDINGS	0	0	0	0	0
EXTRAORDINARY REPAIRS	1,697,540	2,300,545	1,568,048	3,868,593	3,433,803
TOTAL	1,697,540	2,300,545	1,568,048	3,868,593	3,433,803
CAPITAL ASSETS					
GENERAL FUND	1,697,540	2,300,545	1,568,048	3,868,593	3,433,803
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	0	0	0	0	0
TOTAL	1,697,540	2,300,545	1,568,048	3,868,593	3,433,803
CAPITAL ASSETS-CARRYOVER					
EXTRAORDINARY REPAIRS	140,397	664,596	-664,596	0	0
TOTAL	140,397	664,596	-664,596	0	0
CAPITAL ASSETS-CARRYOVER					
GENERAL FUND	140,397	664,596	-664,596	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	0	0	0	0	0
TOTAL	140,397	664,596	-664,596	0	0
CAPITAL ASSETS NON-STATE FUNDED					
LAND AND BUILDINGS	0	142,736,393	-82,736,393	60,000,000	0
TOTAL	0	142,736,393	-82,736,393	60,000,000	0

REQUEST DETAIL

Date: 12/14/2006

230 UNIVERSITY OF NORTH DAKOTA

Bill#: HB1003

Time: 15:37:44

Biennium: 2007-2009

Description	Expenditures 2003-2005 Biennium	Present Budget 2005-2007	Budget Request Change	Requested Budget 2007-2009 Biennium	Optional Budget Request
CAPITAL ASSETS NON-STATE FUNDED					
GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	0	142,736,393	-82,736,393	60,000,000	0
TOTAL	0	142,736,393	-82,736,393	60,000,000	0
SPECIAL LINES					
TOTAL	371,000	0	0	0	0
FUNDING SOURCES					
GENERAL FUND	101,787,454	95,976,743	15,171,880	111,148,623	3,433,803
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	0	142,736,393	-82,736,393	60,000,000	0
TOTAL FUNDING SOURCES	101,787,454	238,713,136	-67,564,513	171,148,623	3,433,803

CHANGE PACKAGE SUMMARY230 UNIVERSITY OF NORTH DAKOTA
Biennium: 2007-2009

Bill#: HB1003

Date: 12/14/2006

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Description	FTE	General Fund	Federal Funds	Special Funds	Total Funds
AGENCY BUDGET CHANGES					
Cost To Continue	13.48	-2,965,141	0	-142,736,393	-145,701,534
1 PARITY	.00	10,356,966	0	0	10,356,966
2 EQUITY	.00	3,163,572	0	0	3,163,572
3 CAP ASSET BASE AND INCR	.00	3,868,593	0	0	3,868,593
4 2007-09 MAJ CAP PROJ	.00	0	0	60,000,000	60,000,000
5 CBR Base Funding	.00	747,890	0	0	747,890
Agency Total	13.48	15,171,880	0	-82,736,393	-67,564,513
OPTIONAL REQUEST					
30 OPT DEF MNT INCR	.00	3,433,803	0	0	3,433,803
Optional Total	.00	3,433,803	0	0	3,433,803

Change Group: A	Change Type: A	Change No: 1	Priority: 1
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PARITY - \$10,356,966

Parity is defined as the amount needed to fund operating inflation, cost to continue FY07 legislatively funded salary increases, 2007-09 health and salary increases and utilities of buildings coming online during the 2007-09 biennium. The long-term finance plan includes targeted state/student shares for each of the campuses. Approximately 93% of the state's share of these costs is included in the request.

The total (state share) general fund portion of parity consists of the following: 2.4% per year operating inflation (\$1,457,158), CTC FY07 legislatively funded salary increases (\$1,205,274), 10% annual health insurance increases (\$2,354,636) and 5% per year salary increases (\$6,185,049). These parity components total (\$11,202,117), however as previously noted, the budget request only includes approximately 93% of the state's share, or (\$10,356,966). Operating inflation, totaling (\$845,151) is not included in the budget request.

An annual tuition increase of 5.5% would be needed to fund the remaining state share (\$845,151) and to fund the student share (\$7,468,078) of parity. However, if the 2007-09 budget request is funded at the level requested, the SBHE has indicated that tuition increases will be limited to no more than 5% per year in 2007-09.

Based on current enrollments and with tuition increases capped at 5 percent, a total of \$760,025 of parity costs would not be funded. This amount represents the difference between the 5.5 percent to fund the remaining state share of parity plus the student share of parity and the 5 percent cap (5.5-5=.5 times \$1,520,050 per percent tuition increase per year). These ongoing base costs must be addressed. Thus, equity funding would be used to replace revenue not realized because of the tuition cap.

Change Group: A	Change Type: A	Change No: 2	Priority: 1
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EQUITY - \$3,163,572

The NDUS budget request includes a \$10 million increase for equity, distributed among the 11 NDUS campuses and Medical School. The recent MGT report confirms that all NDUS institutions are under funded, when compared to their peer institutions. The equity request will address all NDUS institutions' relative funding position compared to their peer institutions. However, the specific request of each campus was determined by considering both their dollar difference from their peer benchmark, as well as giving a greater weighting factor to those institutions that are further behind their peer benchmark. The equity request by the State Board of Higher Education for the University of North Dakota is \$3,163,572. UND has continued to register objection to the way in which the State Board has addressed the inclusion of medicine and agricultural extension in calculating the relative equity share/position of each institution-affecting this amount.

The equity narrative provides many examples of ways in which the strategic goals of UND could be achieved with additional funding. It is certainly not all inclusive.

Prioritization depends on the magnitude of funds available coupled with opportunities for funding from other sources. The highest priority is investment in people through competitive compensation. The second tier priority is investment in adequate numbers of people to accomplish the institution's mission. Finally, investment in instructional and research programming consistent with strategic goals is a priority. This includes enhancement of the physical facilities capacity and infrastructure to support research and the University's role in economic development.

The Needs Based Budget approved by the State Board of Higher Education (21% general fund budget request) provides funding to support current activities through the parity component. A portion of the equity component would provide funding to support ongoing real costs not covered through the parity allocation as well as some funding to support progress towards strategic goals.

As funds become available, UND continues to look to its established strategic priorities to guide how dollars are allocated. In the spring of 2004, the University Planning and Budget Committee considered the successes and the areas needing more work in the existing strategic plan. The new strategic plan, Building on Excellence 2005, forms the basis for the use of the equity funding (a total of \$3,163,572). The amounts contained in this narrative illustrate the needs of the institution and are far greater than the general funds actually requested.

In addition to the strategic plan, the percentage of expense by function as compared to peer institutions is used as a general guide. The percentage allocation based on FY05 IPEDS data is as follows and is based on the group of peer institutions adopted by the State Board of Higher Education in May 2006:

	<u>UND</u>	<u>Peers</u>
Instruction	39%	28%
Academic Support	8%	7%
Student Services	4%	3%
Research	11%	21%
Physical Plant	5%	5%
Institutional Support	10%	6%
Public Service	5%	8%
Scholarships	1%	3%
Auxiliary	10%	9%
Depreciation	5%	6%
Other	1%	4%

These numbers provide evidence that care has been taken to focus resources on preserving quality and capacity of instruction, academic support and student services. These numbers also suggest that investment in research is an item of critical need. Likewise, funding for scholarships could make a significant difference in improving access for students.

The total cost for the increased health insurance premium, operating inflation, and the salary increase/continuation per the SBHE plan is estimated at \$18.7 million for the 2007-09 biennium (general fund plus tuition). Of this total, \$10,356,966 has been requested in the proposed budget under parity. An additional \$760,025 of funding proposed under equity would be needed to cover the remaining parity costs. If the total \$18.7 million of parity costs were to be fully funded using tuition, an estimated increase of 12.3 percent per year would be required. If the total increase in funding is limited to the amount necessary for parity, no progress towards strategic priorities is possible and in some areas erosion of recent progress will occur. The most obvious example of such erosion is faculty salaries.

From FY00 through FY05 UND made steady progress towards the strategic goal of reaching the 20th percentile of the AAUP faculty salary scale with a further target of reaching the 40th percentile by 2010. Although the data for FY06 show some slippage, this is primarily due to changes in reporting. With the faculty salary increases budgeted for FY07, the gap between UND and the AAUP national average for doctoral institutions will likely increase. A number of differences in how amounts were reported for UND to AAUP for FY06 resulted in what appears to be a much lower rate of increase than actually occurred. This is a one-time occurrence and has resulted in more consistent and comparable data according to the AAUP survey guidelines. Financial pressures for FY07 required holding salary increases to a target 3 percent average. An estimated 9.7 percent increase to the average faculty salary would have been necessary for FY07 to reach the 20th percentile of the AAUP faculty salary scale. Resources were not available to reach the initial goal.

For the 2007-09 biennium an estimated \$2,314,510 is needed to fully fund each one percent per year salary increase for faculty and staff supported by general funds plus tuition. About 65 percent of this total or \$1,505,000 is the estimated cost of one percent per year for faculty salaries.

Recruiting new faculty to fill existing vacant positions and/or new positions necessary to meet the demands of growing enrollments, initiating new programs and increasing research/service presents significant challenges. In order to attract the best candidates, salaries that are nationally competitive must be offered. For example, an average of about \$20,000 per faculty position is needed to bridge the gap based on the AAUP scale. If the gap were fully funded for all faculty vacancies each year, the resulting cost would be about \$2.7 million for the 2007-09 biennium with an estimated cost to continue of \$1 million. Funding to support aggressive recruiting where needed would result in a greater ability to successfully fill both faculty and staff vacancies with top choice candidates. A pool of \$1,000,000 for the biennium to increase the salary level on existing vacant positions (all levels) would enhance UND's ability to attract strong candidates. Although recruitment presents significant challenges, retention of existing faculty is critical to the ongoing success of UND. Thus, maintaining targeted progress towards salary goals must also continue as a retention strategy.

Beyond increasing faculty and staff salaries, the need for additional faculty and staff is evident based on the stable enrollment coupled with growing the research enterprise (see details under agency accomplishments). The additional faculty positions are needed to continue providing quality instruction in the classroom (benchmark to target student/faculty ratios and credit hour production), improving access to advisement, creating additional research opportunities as part of the educational experience and supervising other experiential learning opportunities. In addition to time invested in instruction, faculty are also expected to perform service and research/scholarship. Thus, additional faculty positions not only improve the instructional situation but also add to the growing research enterprise capacity. Finally, in order to meet the expectations of growing enrollments and new programs (see next paragraph for more detail) investment in new positions is essential. Each additional \$1.1 million/year supports salary and fringe benefits for about 9 to 11 new faculty depending on rank and academic discipline. Thus, an increase of \$5.5 million would support 25 to 30 new faculty positions providing significantly increased capacity. Operating support and/or start-up funds (to purchase equipment for example) related to the increase in positions would require additional funding estimated at \$1.5 to \$2 million.

Finally, investment in new research and instructional programming is necessary. Consistent with strategic plan goals for enrollment and research and creative activity, opportunities to add new programs at the graduate level (masters, doctoral, professional) will continue to be evaluated. Implementation of new programs has the potential to address unmet instructional program demand, provide new avenues of inquiry for research and scholarly activity, attract new business/industry partners, enable/strengthen strategic international partnerships and provide graduates in disciplines where shortages exist. Examples of new programs for consideration include:

- extension of existing programs for distance delivery
- doctorate in aviation
- doctorate in interdisciplinary environmental sciences
- doctorate in scientific computing, and,
- bachelors and masters programs in community/public health.

A program in dentistry would also be worth considering given the need for dentists in North Dakota. Cost will depend on programs implemented and equity funding would be used to support new program development/program expansion. An initial \$3.5 to \$4 million could be utilized immediately.

Expansion of summer sessions continues which allows UND to take advantage of existing facilities which are not fully utilized during that time. Funding to pro rate salaries to academic year levels, increasing instructional capacity, performing a needs assessment, developing new programs, and, marketing and delivering the programs (salaries and operating) is needed. These programs have the potential to attract a non-traditional "student" population to North Dakota and create an additional revenue source once fully operational. Start-up funding of \$500,000 to \$700,000 is needed depending on the scope of the initiatives.

To continue to assist with reaching UND's enrollment goals and to better meet the educational needs of the citizens of North Dakota by developing a scalable model for the development and delivery of online programs and courses, further investment is needed. This includes enhancing technology (network capacity, hardware/software, server administrator), adding appropriate faculty (course development, delivery and student advising) and staff (instructional designer, IT specialist, student services coordinator and marketing staff) and operating costs. The total is estimated at \$1.8 million for the biennium.

Examples of other IT initiatives and needs include hiring a full-time chief information officer, continuing progress towards completion of the campus network plan, improving campus video conferencing capabilities, establishing a faculty technology scholars program and providing support to faculty to further integrate technology into the classroom.

These and other initiatives are planned to provide integrated communication with high reliability, security and redundancy in support of research, learning and administration. The estimated cost is approximately \$2,750,000.

Other areas of targeted investment (estimated costs of \$2 to \$4 million) might include American Indian Programs, library (additional books, periodicals and electronic access), faculty development, assessment, department chair training, training in fund raising and development, study-abroad program enhancement (travel to develop additional opportunities), international and domestic student recruitment/retention, student services, scholarships, maintenance and furnishings, and addition of a classrooms in the center of campus (larger capacities and modern facilities). For example, with a declining school-age population in North Dakota, student recruitment/retention becomes more important to the future of both UND and the state. This type of recruitment is much more costly due to the need for marketing, travel and adequate staffing to cover much larger geographical areas. It is also significantly more competitive. Success in recruiting/retaining out-of-state students provides the potential for that student to remain in North Dakota upon achieving their educational goals. In addition, higher enrollment equates to higher spending both for UND operations and student/visitor expenditures (housing, meals, groceries, entertainment, services, health, etc.).

Research Program Enhancement and the Red River Valley Research Corridor

Priority Action Area B states, “Expand the University’s commitment to research and creative activity, both as a means of enriching the learning environment and as a driver for economic development.” The first goal is to sustain the University’s research program at the highest Carnegie level and operate at a level of \$100 million or more per year in extramural support. UND will certainly figure prominently in the further development of the Red River Valley Research Corridor. Examples of needed investments in support of research and scholarly activity include faculty seed money, enhancements to research infrastructure (equipment, IT, library resources, renovations, furnishings), additional faculty/staff positions (research, compliance, support etc.), start-up costs, funds to match/leverage, grant incentives, improved technology transfer and commercialization capabilities and other support costs. Hiring of senior research faculty with the ability to mentor and provide leadership in a thriving research environment is another example. Equity funding would provide the ability to build on existing areas of strength such as:

- weather systems
- energy
- environment
- medical sciences (see Medical School budget)
- life sciences, and,
- aerospace
- and, support the development of areas of emerging importance and strength including:
- genetics/genomics/proteomics/bioinformatics
- infectious diseases
- physics
- computational chemistry
- engineering
- nanosciences
- forensic sciences
- high performance computing
- behavioral sciences, and,
- finance/business/entrepreneurship

Within the context of the equity funding an estimated \$4 to \$6 million could be immediately utilized and/or leveraged in this area. These dollars would pay for additional personnel, start-up costs and operating expenses.

Some of the above will be the focus for new/emerging “Centers of Excellence” for economic development.

Based on FY05 data, the projected economic impact of annual external funding at the level of the strategic plan goal of \$100 million is \$157.5 million of spending in North Dakota, 1,594 jobs in North Dakota and \$3.5 million of state and local tax revenues.

Intellectual Property Protection and Commercialization:

Intellectual property development is undergoing a rapid ramp-up with a four-fold increase in applications over last two years versus the prior four years. The majority of intellectual property is being developed from inventions in the School of Medicine & Health Sciences and School of Engineering & Mines but also includes filings from the School of Aerospace Sciences, Departments of Chemistry and Computer Sciences, and other academic units. Intellectual property includes a diversity of inventions such as vaccines, therapeutic antibodies, pharmaceutical drugs and diagnostics, nanodetection systems, proteomic analysis kits, medical devices, medical analysis devices, laboratory tracking systems, emergency preparedness education and training, emergency communication systems, software, space suit systems, biofuels, environmental toxic chemicals clean-up materials, and air purifier and other air enhancing equipment. UND has funded only the very basic commercialization infrastructure and increased resources are critical for patent protection and marketing of intellectual property to move inventions into the marketplace. An estimated \$500,000 annual base commitment growing to \$700,000 annual base over the next two years is needed to keep moving intellectual property protection and commercialization forward and to drive the next phase of economic development of UND and the region.

Finally, the narrative contains references to the need for renovations, furnishings, equipment and maintenance in the context of increased staffing and program development. Ongoing investment will be targeted to provide offices, classrooms and laboratories to accommodate both people and activities. Renovation and modernization of existing space and construction of new facilities will occur as funds become available including capital assets funding requested for the 2007-09 biennium.

Although tuition has increased significantly in the past few years, UND remains affordable based on peer, regional and national comparisons. The economic and social return on investment in a college education continues to be high; however, there is growing concern regarding the debt load carried by students graduating from North Dakota institutions. A recent report issued by the Senate Health, Education, Labor and Pensions Committee Democratic staff and the Senate Democratic Policy Committee (calculations by the non-profit Project on Student Debt) cites North Dakota as one of eight states that are above the national average in students taking out loans to finance their education and above the national average in the size of the average debt. Nationally 62 percent of undergraduates borrow with loans averaging \$19,300 compared to 74 percent with loans averaging \$21,331 for North Dakota. The State Board of Higher Education has taken action to limit tuition increases to 5 percent per year for the 2007-09 biennium as part of the overall assumptions for the budget request. These assumptions will be revisited taking into consideration whatever new general funds are provided. The ongoing challenge is to strike an appropriate balance between access and the investments needed to maintain quality of the education at UND as well as meet the expectations of the State as described in the Roundtable Report.

The implementation of PeopleSoft occurred for the University of North Dakota during FY05. Considerable efforts continue to be required towards achieving a basic level of operations in all areas. We are experiencing significant staffing pressures and incurring unanticipated costs. As specific costs are identified to address the most critical and highest priority issues, consideration is given to locating sources of funding to meet the need. Many of these costs are being absorbed through reassignment of staff and reallocation within units. We find ourselves primarily in a reactive mode, with the majority of staff time and effort required to deal with basic operational issues and overcoming inadequate reporting resources etc. Absent adequate resources to address these issues, functional problems will continue.

Note: If equity funding is appropriated, the planning process to implement the use of the funds will include identification of specific FTE positions and consideration of telecommute opportunities to the extent possible.

Change Group: A	Change Type: A	Change No: 3	Priority: 1
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CAP ASSET BASE AND INCR - \$3,868,593

This provides an amount equal to the 2005-07 base funding (\$2,300,545) for extraordinary repairs, plus a proportionate share (\$1,568,048) of the \$4 million capital assets increase that is included by the NDUS in the base budget requests. This increase is much lower than the total amount called for in the capital asset funding model (\$24.4 million), which is part of the NDUS long-term finance plan. The NDUS is currently funded at an average of 12.2% of the OMB building and infrastructure formulas (ranging from 5.8% to 20.6%), and outstanding deferred maintenance totals \$117.8 million for the NDUS.

A prioritized listing of extraordinary repair projects is included in the extraordinary repairs subschedule (because of OMB's requirement to do so), however these priorities can very easily change, due to unforeseen circumstances and emergencies. The priority listing is only a best estimate at this time. The actual use of these dollars will be left to the discretion of the institutions (with appropriate approvals by the SBHE where required for projects greater than \$100,000). All NDUS entities will be given the authority to allocate dollars to repair and replacement priorities for both deferred maintenance and regular repair and replacement projects as determined by each entity.

Change Group: A	Change Type: A	Change No: 4	Priority: 1
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2007-09 MAJ CAP PROJ - \$60,000,000

All details of the major capital projects are included in the Capital Assets subschedule.

Change Group: A	Change Type: A	Change No: 5	Priority: 1
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CBR Base Funding - \$747,890

The CBR is a state-of-the-art animal care facility located at the northwest side of the School of Medicine and Health Sciences, reports within the Medical School administration and is supported with both a general fund budget (Med) and revenue from user charges.

In the summer of 2005 CBR applied for accreditation by the Association for Assessment and Accreditation of Laboratory Animal Care (AAALAC). In order to meet the accreditation requirements, the reporting of the CBR was changed from the Medical School to the Vice President for Research at UND. This change was endorsed by the Vice President for Research, the Vice President for Health Affairs and the President. Consistent with this organizational change, the corresponding general fund budget should be moved from the Medical School appropriation to the UND appropriation. The total base change for the biennium is \$747,890. The base general fund budget of the Med School has been reduced by \$747,890, and the base budget of UND has been increased by the same dollar amount of \$747,890. The base general fund budget of the Med School has been reduced by \$747,890, and the base budget of UND has been increased by the same dollar amount of \$747,890.

Change Group: A	Change Type: A	Change No: 100	Priority:
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OMB Deferred Maint. Optional - \$2,060,282

Executive Recommendation to fund an additional \$2,060,282 on deferred maintenance. The optional request was for \$3,433,803. The request was based upon the 2006 Master Plan building audits for state funded academic buildings, the deferred maintenance categories for Health and Safety, ADA, Major Renovations/Networking and Major Repairs totals \$40.45 million for the University of North Dakota, an increase of \$7 million from 2004. The deferred maintenance total relates to 57 of the 72 buildings classified as academic facilities.

The increase in deferred maintenance reflects the reality of the current level of general funds appropriated for capital assets (extraordinary repairs and capital projects). UND is currently funded at 10.71 percent of the OMB building and infrastructure formulas which is the third lowest percentage within the North Dakota University System.

Items included under deferred maintenance represent basic infrastructure such as air handlers, chillers, water heaters, building controls, windows and roofs. Existing funds have been focused on repairs instead of replacing infrastructure which continue to be used well past the expected life-cycle. Additional funding (base and one time) would allow more focused attention on protecting, maintaining and extending the life of existing buildings. This enables ongoing preservation of the institutional and state history through its buildings and may lessen the need for new facilities. It would also enable existing maintenance staff to return to scheduled maintenance (not adding to the backlog).

One time funding (Opt Def Mnt Incr) coupled with an increase in base capital assets funding (Cap Assets Base and Incr) provides the opportunity to make significant progress in addressing an extensive deferred maintenance backlog.

Change Group: A	Change Type: A	Change No: 101	Priority:
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OMB O Kelly Hall - \$2.2 million from special to general funds

Executive Recommendation to provide \$2.2 million in general fund dollars for the OKelly Hall.

Change Group: A	Change Type: A	Change No: 102	Priority:
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OMB Allied Health Facility - \$20.4 million special funds

Executive Recommendation to authorize Allied Health Facility at UND for \$20.4 million. Request was submitted after original budget submission.

Change Group: O	Change Type: A	Change No: 30	Priority: 10
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OPT DEF MNT INCR - \$3,433,803

The outstanding deferred maintenance of the NDUS, based on recently updated campus master plans, totals \$117.8 million. A one-time infusion of \$10 million would be used to address this critically unfunded need. The campus's share of the \$10 million is (\$3,433,803), based upon a proportionate share of total outstanding deferred maintenance of the NDUS. The priority listing is only a best estimate at this time, and can easily change, due to unforeseen circumstances and emergencies. The use of these dollars will be left to the discretion of the institution to fund most critical deferred maintenance needs (with appropriate approvals by the SBHE where required for projects greater than \$100,000).

Based upon the 2006 Master Plan building audits for state funded academic buildings, the deferred maintenance categories for Health and Safety, ADA, Major Renovations/Networking and Major Repairs totals \$40.45 million for the University of North Dakota, an increase of \$7 million from 2004. The deferred maintenance total relates to 57 of the 72 buildings classified as academic facilities.

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One time funding (Opt Def Mnt Incr) coupled with an increase in base capital assets funding (Cap Assets Base and Incr) provides the opportunity to make significant progress in addressing an extensive deferred maintenance backlog.