
AGENCY OVERVIEW

235 NORTH DAKOTA STATE UNIVERSITY

Date: 12/14/2006

Time: 14:47:59

STATUTORY AUTHORITY

North Dakota Constitution Section 215, North Dakota Century Code, Chapter 15-12.

AGENCY DESCRIPTION

North Dakota State University (NDSU) affirms its heritage as North Dakota's land-grant institution. Through its colleges, station and extension, NDSU, as a member of the North Dakota University System (NDUS), provides instruction, research, and public service. NDSU educates and serves the people of North Dakota, the region, the nation, and the international community by discovering, communicating, applying and preserving knowledge. The University fosters the personal growth of individuals by creating an environment which nurtures intellectual, social, and cultural development. It offers academic and professional programs which lead to degrees, from the baccalaureate through the doctorate. NDSU assumes a coordinating role in the North Dakota University System for academic computing and economic development. The University provides information systems necessary to accomplish its mission.

AGENCY MISSION

With energy and momentum, North Dakota State University addresses the needs and aspirations of people in a changing world by building on our land-grant foundation.

AGENCY PERFORMANCE MEASURES

The North Dakota University System (NDUS) 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

Our fall 2005 enrollment of 12,099 students has set a new record for the sixth year in a row.

Our fall 2005 graduate program enrollment was up 126 individuals for a total of 1,603 graduate students.

Our fall 2005 international program enrollment was up 16 individuals for a total of 616 students.

NDSU's Annual Employment Report reflected that 93% of all recent graduates were employed.

NDSU now offers 41 doctoral and professional programs (an increase of one over last biennium),

51 master degree programs, 103 bachelor degree programs (includes Education Programs), and 1 specialist program.

Collaborations with NDUS campuses include:

- * L-12 teacher professional development courses with MSUM and UND
- * Ag degree program and biosurveillance research with DSU
- * Legal Assistant program with LRSC
- * Elementary Ed program with VCSU
- * Articulation agreement with NDSCS
- * Medical Assistant program with MiSU Bottineau

During 2005, NDSU contributed to the states economy with 5,363 employees.

Faculty & staff reported (Campus Quality survey) being more satisfied & more impressed with the institution then in 2002.

Faculty & staff averaged a 6.2% salary increase in FY06 and 4.7% in FY07.

Research expenditures during FY05 were \$102.1 million, placing NDSU 7th among its peers.

External proposals submitted by NDSU in the 2003-05 biennium increased 34.2% over 2001-03.

Dollar value of external proposals submitted by NDSU in the 2003-05 biennium increased 33.5% over 2001-03.

Two additional buildings:

* Alien Technology and the incubator building will join Phoenix International, Research I, and Research II /Center for Nanoscale Science Engineering at the NDSU Research and Technology Park.

* Bobcat, a business of Ingersoll-Rand Co. Ltd., will be the anchor tenant of the Center for Technology Enterprise.

FUTURE CRITICAL ISSUES

Adjustments for Costs to Continue include the following:

05-07 EXTRAORDINARY REPAIRS – \$1,692,226.

05-07 MAJ CAP PROJ - \$37,500,000.

Hazardous Material Handling/Storage: \$3,500,000.

Memorial Union Renovation and Addition: \$22,000,000.

Wellness Center Addition: \$12,000,000.

03-05 CARRYOVER – \$40,662.

FLOOD EXPENDITURES – \$0.

REQUEST SUMMARY

235 NORTH DAKOTA STATE UNIVERSITY

Biennium: 2007-2009

Bill#: HB1003

Date: 12/14/2006

Time: 14:47:59

Description	Expenditures 2003-2005 Biennium	Present Budget 2005-2007	Budget Request Change	Requested Budget 2007-2009 Biennium	Optional Budget Request
BY MAJOR PROGRAM					
NORTH DAKOTA STATE UNIVERSITY	81,703,294	115,937,538	-2,939,396	112,998,142	2,548,657
TOTAL MAJOR PROGRAMS	81,703,294	115,937,538	-2,939,396	112,998,142	2,548,657
BY LINE ITEM					
OPERATING EXPENSES	78,337,274	76,704,650	13,113,525	89,818,175	0
CAPITAL ASSETS	1,696,868	1,692,226	987,741	2,679,967	2,548,657
CAPITAL ASSETS-CARRYOVER	169,152	40,662	-40,662	0	0
CAPITAL ASSETS NON-STATE FUNDED	0	37,500,000	-17,000,000	20,500,000	0
2000 FLOOD EXPENDITURES	1,500,000	0	0	0	0
TOTAL LINE ITEMS	81,703,294	115,937,538	-2,939,396	112,998,142	2,548,657
BY FUNDING SOURCE					
GENERAL FUND	81,703,294	78,437,538	14,060,604	92,498,142	2,548,657
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	0	37,500,000	-17,000,000	20,500,000	0
TOTAL FUNDING SOURCE	81,703,294	115,937,538	-2,939,396	112,998,142	2,548,657
TOTAL FTE	545.02	483.99	14.13	498.12	.00

REQUEST DETAIL235 NORTH DAKOTA STATE UNIVERSITY
Biennium: 2007-2009

Bill#: HB1003

Date: 12/14/2006

Time: 14:47:59

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	78,337,274	76,704,650	13,113,525	89,818,175	0
TOTAL	78,337,274	76,704,650	13,113,525	89,818,175	0
OPERATING EXPENSES					
GENERAL FUND	78,337,274	76,704,650	13,113,525	89,818,175	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	0	0	0	0	0
TOTAL	78,337,274	76,704,650	13,113,525	89,818,175	0
CAPITAL ASSETS					
OPERATING FEES AND SERVICES	235,761	0	0	0	0
LAND AND BUILDINGS	0	0	0	0	0
EXTRAORDINARY REPAIRS	1,461,107	1,692,226	987,741	2,679,967	2,548,657
TOTAL	1,696,868	1,692,226	987,741	2,679,967	2,548,657
CAPITAL ASSETS					
GENERAL FUND	1,696,868	1,692,226	987,741	2,679,967	2,548,657
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	0	0	0	0	0
TOTAL	1,696,868	1,692,226	987,741	2,679,967	2,548,657
CAPITAL ASSETS-CARRYOVER					
EXTRAORDINARY REPAIRS	169,152	40,662	-40,662	0	0
TOTAL	169,152	40,662	-40,662	0	0
CAPITAL ASSETS-CARRYOVER					
GENERAL FUND	169,152	40,662	-40,662	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	0	0	0	0	0
TOTAL	169,152	40,662	-40,662	0	0
CAPITAL ASSETS NON-STATE FUNDED					
LAND AND BUILDINGS	0	37,500,000	-17,000,000	20,500,000	0
TOTAL	0	37,500,000	-17,000,000	20,500,000	0

REQUEST DETAIL

Date: 12/14/2006

235 NORTH DAKOTA STATE UNIVERSITY

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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	37,500,000	-17,000,000	20,500,000	0
TOTAL	0	37,500,000	-17,000,000	20,500,000	0
SPECIAL LINES					
2000 FLOOD EXPENDITURES	1,500,000	0	0	0	0
TOTAL	1,500,000	0	0	0	0
SPECIAL LINES					
GENERAL FUND	1,500,000	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	0	0	0	0	0
TOTAL	1,500,000	0	0	0	0
FUNDING SOURCES					
GENERAL FUND	81,703,294	78,437,538	14,060,604	92,498,142	2,548,657
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	0	37,500,000	-17,000,000	20,500,000	0
TOTAL FUNDING SOURCES	81,703,294	115,937,538	-2,939,396	112,998,142	2,548,657

CHANGE PACKAGE SUMMARY235 NORTH DAKOTA STATE UNIVERSITY
Biennium: 2007-2009

Bill#: HB1003

Date: 12/14/2006

Time: 14:47:59

Description	FTE	General Fund	Federal Funds	Special Funds	Total Funds
AGENCY BUDGET CHANGES					
Cost To Continue	14.13	-1,732,888	0	-37,500,000	-39,232,888
1 PARITY	.00	8,972,682	0	0	8,972,682
2 EQUITY	.00	4,140,843	0	0	4,140,843
3 CAP ASSET BASE AND INCR	.00	2,679,967	0	0	2,679,967
4 2007-09 MAJ CAP PROJ	.00	0	0	20,500,000	20,500,000
Agency Total	14.13	14,060,604	0	-17,000,000	-2,939,396
OPTIONAL REQUEST					
30 OPT DEF MNT INCR	.00	2,548,657	0	0	2,548,657
Optional Total	.00	2,548,657	0	0	2,548,657

BUDGET CHANGES NARRATIVE

235 NORTH DAKOTA STATE UNIVERSITY

Date: 12/14/2006

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Change Group: A	Change Type: A	Change No: 1	Priority: 1
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PARITY - \$8,972,682

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. This amount equals \$8,972,682.

The total (state share) general fund portion of parity consists of the following: 2.4% per year operating inflation \$1,135,619, CTC FY07 legislatively funded salary increases \$962,633, 10% annual health insurance increases \$1,854,190, 5% per year salary increases \$5,369,374 and utilities of buildings coming online \$199,558 in 2007-09. These parity components total \$9,521,374, however as previously noted, the budget request only includes approximately 93% of the state's share, or \$8,972,682. Operating inflation, totaling \$548,691 is not included in the budget request.

An annual tuition increase of 5% would be needed to fund the remaining state share \$548,692 and to fund the student share \$6,347,583 of parity. 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.

Therefore, if NDSU were to receive the requested general fund parity of \$8,972,682 plus additional income from a 5% tuition increase needed to fund the balance of parity plus the student's share of parity, there would not be new income available to fund new initiatives. This would not have an impact on NDSU's goals and strategic plan since the current Roundtable alignment objectives are on track for completion in FY07.

Change Group: A	Change Type: A	Change No: 2	Priority: 1
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EQUITY - \$4,140,843

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 for NDSU is \$4,140,843.

A portion of the equity distribution in the amount of \$600,338 will be used to cover the additional cost of the 5%/ year salary increase over and above what is included in the parity request. This additional cost is the result of funding higher than average salary increases in the 2005-07 biennium as NDSU continues to make salaries a high priority. The remaining equity of \$3,540,505 will be used to fund increasing utility costs over and above what is included in the parity request. NDSU anticipates significant increases in utility expenditures due to the rising costs in energy as experienced nationwide. These increases have been identified in materials submitted to the SBHE, OMB and the Legislative Council.

With the completion of NDSU's current Roundtable alignment objectives in FY07, the budget, as presented here will not impact campus strategic plans.

Change Group: A	Change Type: A	Change No: 3	Priority: 1
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CAP ASSET BASE AND INCR - \$2,679,967

This provides an amount equal to the 2005-07 base funding \$1,692,226 for extraordinary repairs, plus a proportionate share \$987,741 of the \$4 million capital assets increase that is included by the NDUS in the base budget requests. The \$4 million 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 -

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

Change Group: A	Change Type: A	Change No: 100	Priority:
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OMB Deferred Maintenance Optional - \$1,529,194

Executive Recommendation to fund \$1,529,194 deferred maintenance included in the optional request of \$2,548,657.

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 \$2,548,657 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).

Items included in this optional deferred maintenance request include mechanical and electrical upgrades, roofs, health and safety, water and steam lines, window projects, etc. It is a supplemental request to generate sufficient dollars to complete many of same projects that are in the Cap Asset Base & Incr Request, but are financially capped by that package. Currently repairs are necessary to fix on-going deferred maintenance problems. "Quik fixes" and "band-aids" are often the only option available and can be very costly and have a short life span. With this one-time funding, dollars would be available to begin making long lasting repairs.

It is impossible to draw a direct, quantifiable 1-to-1 correlation between deferred maintenance repairs and long-term budget savings. There are inherent efficiencies though, in protecting and preserving the integrity of the existing structures and prolonging their useful life. It reduces, significantly, the need to address the same repair issues multiple times. This saves both labor, material and administration costs over multiple bienniums.

It is also about making repairs that address safety and comfort - such as in-door air quality and mold and condensation problems - as well as accessibility to services for students, faculty and visitors, when we address ADA matters, streets, sidewalks, lighting and building remodeling. These do not necessarily translate into quantifiable savings either, but do significantly impact perceptions about how well the State is preserving its investment, impacting both the tangible and intangible valuation factors applied to NDSU.

Change Group: A	Change Type: A	Change No: 101	Priority:
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OMB Minard Hall - \$5,000,000 General Fund

Executive Recommendation for \$5 million general fund dollars to support the Minard Hall renovation

Change Group: A	Change Type: A	Change No: 102	Priority:
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OMB Ceres Hall-Living Learning - \$1 million addition

Executive Recommendation to increase Living Learning Center/Ceres Hall renovation by \$1 million to \$12 million

Change Group: A	Change Type: A	Change No: 103	Priority:
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OMB Dakota Coteau Field School - \$4 million special funds

Executive Recommendation to authorize the Dakota Coteau Field School project for \$4 million from special funds. Request was received after original budget submission.

Change Group: O	Change Type: A	Change No: 30	Priority: 10
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OPT DEF MNT INCR - \$2,548,657

“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 \$2,548,657 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).

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