## FIRST ENGROSSMENT

Fifty-fifth Legislative Assembly of North Dakota

# ENGROSSED HOUSE BILL NO. 1312

Introduced by

Representatives Martinson, Svedjan, Wentz, Keiser

Senators Robinson, St. Aubyn

1 A BILL for an Act to create and enact three new sections to chapter 15-10 of the North Dakota

2 Century Code, relating to unexpended general fund appropriations, accountability reports, and

3 authorization for board of higher education institutions to borrow from the bank of North Dakota;

4 to amend and reenact sections 15-10-08, 15-10-12, 15-10-14.1, 15-10-17, 15-10.1-02,

5 15-10.1-03, 15-62.2-01, 15-62.3-01, and 44-04-18.4 of the North Dakota Century Code, relating

6 to compensation of state board of higher education members, acceptance of gifts and beguests

7 and deposit of funds by the state board of higher education, reports required of the board of

8 higher education, higher education system review, and powers and duties of the board of

9 higher education; and to repeal sections 15-10-15, 15-10-17.1, 15-10-18, 15-10-18.1,

10 15-10-19.1, 15-10-20, 15-10-23, 15-10-25, 15-10-25.1, and 15-10-34 of the North Dakota

11 Century Code, relating to budget requests, conduct of students and use of facilities of state

12 colleges and universities, tuition of nonresidents, waiver of tuition for youth correctional center

13 graduates, definitions of nonresident and resident students, tuition at model schools, lease of

14 building sites, out-of-state travel, and authorization of contingency funds.

### 15 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 15-10-08 of the North Dakota Century Code is
amended and reenacted as follows:

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#### 15-10-08. Compensation of board members - Expenses - Legislative

19 **appropriations.** Each appointive member of the state board of higher education shall, except

20 the student member, is entitled to receive fifty dollars per day compensation per day in the

21 <u>same amount provided for members of the legislative council</u> for the time each calendar day

22 actually spent devoted to the duties of his office, and, in addition, shall receive his necessary

23 expenses in the same manner and amounts as other state officials for attending meetings and

24 performing other functions of his office. The legislative assembly shall provide adequate funds

to carry out the functions and duties of the board. The compensation and expense payments
 provided by this section are retroactive to January 1, 1977.

3 SECTION 2. AMENDMENT. Section 15-10-12 of the 1995 Supplement to the North
4 Dakota Century Code is amended and reenacted as follows:

5 15-10-12. Board may accept gifts and bequests - State treasurer to have custody 6 of school funds - Deposit of funds. The state board of higher education may, subject to the 7 limitations of section 15-10-12.1, receive donations, gifts, grants, and bequests offered or 8 tendered to or for the benefit of any institution of higher education under its control or subject to 9 its administration, and all moneys coming into the hands of the board as donations, gifts, 10 grants, and bequests must be used for the specific purpose for which they are donated or 11 given. A special revenue fund, for each institution of higher education under the control of the 12 board or subject to its administration, must be maintained within the state treasury and all 13 institutional income from tuition collections must be placed in the special fund for the use of the 14 institution for which the money was raised. All rent, interest, or income from land, money, or 15 property, donated or granted by the United States and allocated to specific institutions of higher 16 learning under the terms of the Enabling Act and the Constitution of North Dakota and general 17 funds specifically appropriated to an institution must be deposited in the a special revenue fund 18 of each institution in the state treasury and expended in accordance with section 1 of article IX 19 of the Constitution of North Dakota. Moneys in the special revenue fund are subject to 20 legislative appropriations. All Tuition and other funds, unless restricted by the terms of a grant, 21 donation, or bequest, received by the institutions, including funds allocated by the state board 22 of higher education, revenue from federal, state, and local grants and contracts, indirect cost 23 recoveries, special student fees, room and board fees and other auxiliary enterprise fees, 24 student activity fees, continuing education program fees, internal service fund revenues, and all 25 other revenues must be deposited in the institutions' accounts at the Bank of North Dakota. 26 Biennial estimates of revenue and expenditures of the other funds by source of funds must be 27 presented at the same time biennial budget requests for appropriations from the special 28 revenue fund and state general fund are prepared and submitted to the office of the budget 29 pursuant to section 15-10-15. Payments from each institution's general fund appropriation 30 must be made in amounts as may be necessary for the operation and maintenance of each 31 institution, except that at the close of the biennium the balance of funds not paid from the

1 general fund appropriation must be deposited in the special revenue funds of the institutions. 2 All such appropriations Funds deposited in the institutions' accounts at the Bank of North 3 Dakota, except general funds appropriated to the board of higher education, are funds 4 belonging to the institutions and are not public funds subject to legislative appropriation. 5 General funds appropriated to the state board of higher education or its institutions are subject 6 to proration in the same manner as other appropriations are prorated if insufficient funds are 7 available to meet expenditures from the general fund. Sinking funds for the payment of interest 8 and principal of institutional revenue bonds Proceeds and earnings from the sale of revenue 9 bonds or income and revenues derived from the operation of buildings or improvements 10 financed by revenue bonds or pledged in the manner provided in chapter 15-55 must be 11 deposited pursuant to section 15-55-06. 12 SECTION 3. AMENDMENT. Section 15-10-14.1 of the 1995 Supplement to the North 13 Dakota Century Code is amended and reenacted as follows: 14 15-10-14.1. Biennial report Higher education reports. The state board of higher 15 education may shall submit a biennial report to the governor and to the secretary of state for 16 the educational institutions under its control as provided by law. If submitted, the report must 17 cover enrollments, major functions and programs, and major goals and objectives, and the 18 extent of achievement of those goals and objectives. The report must also include summaries 19 of financial reports, a narrative explaining the significance of that data, and other information 20 the board may choose the reports required pursuant to section 15-10-14.2 and such other 21 reports as may be requested by the legislative assembly or governor. 22 SECTION 4. AMENDMENT. Section 15-10-17 of the 1995 Supplement to the North 23 Dakota Century Code is amended and reenacted as follows: 24 15-10-17. Specific powers and duties of board of higher education. The state 25 board of higher education has all the powers and shall perform all the duties necessary to the 26 control and management of the institutions described in this chapter, including: 27 1. To appoint and remove, fix the terms of office and prescribe the duties of the 28 president or other faculty head, and the professors, instructors, teachers, officers, 29 faculty, and other employees of the several institutions under its control, and to fix 30 their salaries within the limits of legislative appropriations therefor, and to fix the 31 terms of office and to prescribe the duties thereof, provided that the. The

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1 consideration of the appointment or removal of any such personnel shall employee 2 of the institutions under its control, must be in executive session if upon majority 3 vote of the board chooses in an open meeting, unless the person or persons 4 involved request employee requests that the meeting shall be open to other 5 persons or the public. Personnel actions taken during executive session must be 6 recorded in the official minutes available for public access following the meeting. 7 2. To have supervision and control of the grounds, buildings, and all other property of 8 such institutions, and to authorize such institutions to maintain confidential records 9 containing personal information regarding their prospective, current, or former 10 students or regarding patients at the medical center rehabilitation hospital at the 11 university of North Dakota, with the information in such records subject to release 12 by the institution only upon a court order or the express or implied consent of the 13 student or patient involved. A prospective, current, or former student shall be 14 deemed to have consented to the release of all records to a prospective employer 15 upon application for employment to that employer, provided the position is of such 16 a nature as to require security clearance. The board may procure all necessary 17 apparatus, instruments, and appurtenances for instruction in said schools within 18 the limits of legislative appropriations therefor regulate the conduct of students, 19 staff, faculty, and visitors, and authorize the employment of law enforcement 20 officers, with concurrent jurisdiction with other law enforcement officers to enforce 21 laws and regulations at its institutions. 22 3. To adopt, rules, and regulations, and bylaws for the government of each of such 23 the institutions and of all the their departments and branches thereof. 24 4. To determine the moral and educational qualifications of applicants for admission 25 to the various courses of instruction, to prescribe by rule criteria for the admission 26 of students, and to ensure that the criteria for admission are applied to all 27 applicants in a uniform and nondiscriminatory manner, regardless of the school or 28 educational setting from which an applicant obtained a high school diploma or its 29 equivalent. No instruction, either sectarian in religion or partisan in politics, shall

ever be allowed in any department of such institutions, and no sectarian or

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1		teachers, or other officers of the institutions, or in the admission of students, or for
2		any <u>other</u> purpose <del>whatsoever</del> .
3	5.	To prescribe rules and regulations for the management of the libraries, cabinets,
4		museums, laboratories, and all other property of the institutions under its control,
5		and for the care and preservation thereof, with suitable penalties and forfeitures by
6		way of damages for their violation, which may be collected by action in the name of
7		the board in any court having jurisdiction.
8	<del>6.</del>	To prescribe <del>the books or works to be used in the several</del> courses of instruction <del>,</del>
9		and to confer such degrees and to grant such certificates or diplomas for the work
10		done as are usual or appropriate in similar institutions.
11	<del>7.</del> <u>6.</u>	To confer upon the delegate to institution officers and faculty, through bylaws, the
12		power to suspend or expel students for misconduct or for other causes prescribed
13		in such bylaws.
14	<del>8.</del> <u>7.</u>	To act in consultation with the president of each institution to minister to provide for
15		the needs and proper development of each institution in harmony with the best
16		interests of the people of the state, and to improve higher and technical education
17		in the state.
18	<del>9.</del> <u>8.</u>	To coordinate and correlate the work in the different institutions to prevent wasteful
19		duplication and to develop cooperation among the institutions in the exchange of
20		instructors and students.
21	<del>10.</del> <u>9.</u>	To fix registration or matriculation tuition and fees and other incidental fees to be
22		paid by students in the various institutions under its control or in any department
23		thereof when not otherwise provided by law.
24	<del>11.</del>	To fix and charge fees for instruction furnished in the professional schools and
25		colleges and for extra studies.
26	<del>12.</del> <u>10.</u>	To make recommendations in regard to needed legislation for the institutions
27		under its control.
28	<del>13.</del> <u>11.</u>	To establish a retirement program as an alternative to chapter 15-39.1 for
29		employees of institutions under its control subject to the following guidelines:

1 Benefits under the program shall be provided through annuity contracts a. 2 purchased by the board but which shall become the property of the 3 participants; 4 b. The cost of the annuity contracts shall be defrayed by contributions made 5 pursuant to rules of the state board of higher education; 6 C. Eligible employees appointed before July 1, 1973, shall participate in the 7 alternate retirement program only by their individual election. When the 8 electing eligible employee is a member of the teachers' fund for retirement, 9 the employee's assessments and employer's contributions together with 10 interest credited at the current rate for one-year certificates then being paid by 11 the Bank of North Dakota shall be transferred to the employee's account in 12 the alternate program. Such election shall be made prior to July 1, 1980, and 13 shall relinquish all rights the eligible employee or the employee's beneficiary 14 may have to benefits provided in chapters 15-39 and 15-39.2; and Employees of Bismarck state college and university of North Dakota - Lake 15 d. 16 Region coming under the jurisdiction of the board who are members of the 17 teachers' fund for retirement may elect prior to July 1, 1985, to continue 18 membership in the teachers' fund for retirement in lieu of the alternate 19 retirement program. If an employee does not elect to continue membership in 20 the teachers' fund for retirement, membership in that fund will terminate and 21 the employee will become a member of the alternate retirement program 22 established by the board effective July 1, 1985. An employee of the 23 above-named colleges who becomes a member of the alternate retirement 24 program may elect prior to July 1, 1985, to have the employee's assessments 25 and employer's contributions in the teachers' fund for retirement with interest 26 transferred by the board of trustees of the teachers' fund for retirement to the 27 employee's account in the alternate retirement program. If an employee elects to transfer the employee's assessment and employer's contributions 28 29 together with interest to the alternate retirement program, the employee 30 relinquishes all rights the employee or the employee's beneficiary may have 31 to benefits provided in chapters 15-39, 15-39.1, and 15-39.2; and

1 Employees of institutions under the control of the state board of higher e. 2 education who are members of the public employees retirement system and 3 who become entitled to participate in the alternate retirement program are 4 entitled to a special annuity purchase in the alternate retirement program in 5 accordance with this subdivision. An eligible employee who consents to have 6 that employee's contribution included is entitled to have that employee's 7 contribution and employer's contribution, with interest, in the public 8 employees retirement system fund, used by the retirement board of the public 9 employees retirement system to purchase for that employee an annuity in the 10 alternate retirement program in lieu of any other rights under the public 11 employees retirement fund. However, before the employer's contribution may 12 be used for an annuity purchase, the employee's combined years of service 13 with the public employees retirement system and the alternate retirement 14 program must equal or exceed the years of service necessary to be eligible 15 for retirement benefits under the public employees retirement system. An 16 employee who transferred from the public employees retirement system prior 17 to March 30, 1987, and who received a refund of that employee's contribution 18 is entitled to have the employer's contribution, with interest, used to purchase 19 an annuity even if that employee did not purchase an annuity in the alternate 20 employee program with the employee's contribution. If an employee makes 21 the election allowed under this subdivision, that employee relinguishes all 22 rights the employee or any of the employee's beneficiaries may have had to 23 benefits provided under chapter 54-52. 24 The board shall provide for the administration of the alternate retirement program

and establish rules therefor consistent with the foregoing guidelines. Nothing in
 this subsection shall be construed in derogation of any existing retirement
 programs approved by the board.

14. <u>12.</u> To determine policy for purchasing by the institutions of higher education in
 coordination with the office of management and budget as provided by law.
 15. <u>13.</u> To establish by rule an early retirement program for faculty and officers of the

31 board as defined by the board. The limitations on severance pay pursuant to

1	section 54-14-04.3 and on requiring the employee to pay contributions to continue
2	on the state uniform group insurance program upon retirement or upon termination
3	of employment pursuant to section 54-52.1-03 shall not apply to the early
4	retirement program.

- 5 <del>16.</del> 14. To adopt rules consistent with state or federal law to protect the confidentiality of 6 proprietary information received from sponsors of research conducted by the 7 institutions as well as information generated by that research. No rule 8 promulgated by the board may in any way limit or otherwise affect the applicability 9 or implementation of any rule or regulation of the state department of health. Each 10 grant or contract involving confidential information must be explained in the 11 institution's report to the board of grants and contracts received and must be 12 reviewed at the board's public meeting student records, medical records, and, 13 consistent with section 44-04-18.4, trade secret, proprietary, commercial, and 14 financial information.
- 15 <u>17.</u> <u>15.</u> To authorize and encourage institutions of higher education under its control to
   enter into partnerships, limited liability companies, joint ventures, or other
   contractual arrangements with private business and industry for the purpose of
   business or industrial development or fostering basic and applied research or
   technology transfer.
- 20 **SECTION 5.** A new section to chapter 15-10 of the North Dakota Century Code is 21 created and enacted as follows:

22 **Unexpended general fund appropriations - Continuing appropriation.** General 23 funds appropriated to the board of higher education or its institutions that are unexpended at 24 the end of a biennium must be deposited in a special fund in the state treasury administered by 25 the board. The funds may thereafter be allocated and spent, as directed by the board, for 26 repairs or improvements, equipment, scholarships, grants, tuition waivers, and other purposes 27 not requiring an increase in future general fund appropriations. The funds may not be used to 28 fund new buildings or additions, base salary adjustments, or other uses resulting in increased 29 requests for general fund appropriations. If funds are specifically appropriated for one or more 30 institution, those funds may not be used for any other institution. Funds deposited in the 31 special fund are hereby appropriated for the purposes specified in this section.

SECTION 6. A new section to chapter 15-10 of the North Dakota Century Code is
 created and enacted as follows:

3 Higher education accountability reports. The board of higher education shall, no 4 later than the end of 1998, develop and submit to the legislative council for review formats for 5 accountability reporting by the board, including content and form of the comprehensive plan 6 and annual progress reports required of the board pursuant to section 15-10-14.2. The reports 7 must be designed to enable the legislative assembly to determine whether the board and its 8 institutions are making satisfactory progress toward its goals and whether funds are allocated 9 and spent in a responsible and prudent manner to achieve those goals. To the extent feasible, 10 information must be based on objective data and reported using standardized formats. The 11 reports must be implemented beginning with the board's 1999 annual progress report and must 12 be revised, subject to legislative council review, as necessary. 13 **SECTION 7.** A new section to chapter 15-10 of the North Dakota Century Code is 14 created and enacted as follows: 15 Loans from Bank of North Dakota. Institutions under the board of higher education 16 are authorized to borrow, and the Bank of North Dakota is authorized to loan to those 17 institutions, amounts not to exceed ninety percent of the value of an institution's certificate of 18 deposit held by the Bank. The term of the loan may not exceed the term of the certificate of 19 deposit offered as security for the loan. The loans are subject to such additional terms and 20 conditions as may be established by the Bank. 21 SECTION 8. AMENDMENT. Section 15-10.1-02 of the North Dakota Century Code is 22 amended and reenacted as follows: 23 15-10.1-02. Agreements - Reciprocal basis. Notwithstanding the provisions of 24 section 15-10-18, the The state board of higher education is hereby authorized to may enter 25 into agreements with public or private institutions of higher education, or the governing boards 26 thereof, in this state and in contiguous states on a reciprocal basis in order to accomplish the 27 following: 28 1. To enable a student at any institution party to such an agreement to take a 29 specialized course or courses at a different institution from that in which he the

30student is enrolled, with or without the payment of tuition charges at the other31institution.

1	2.	To enable a student enrolled in any of the institutions party to the agreement to	
2		attend another institution party to such agreement without being required to pay	
3		nonresident tuition fees and in accordance with the terms of such the agreement.	
4	SEC	CTION 9. AMENDMENT. Section 15-10.1-03 of the North Dakota Century Code is	
5	amended a	nd reenacted as follows:	
6	<b>15-</b> 1	10.1-03. Remission of nonresident tuition - Agreements. Notwithstanding the	
7	provisions a	of section 15-10-18, the The state board of higher education may enter into	
8	agreements	s for the remission of nonresident tuition for designated categories of students at	
9	state institutions of higher education. Such The agreements must have as their purpose the		
10	mutual improvement of educational advantages for residents of this state and such other states		
11	or institutions of other states with whom agreements are made.		
12	SEC	CTION 10. AMENDMENT. Section 15-62.2-01 of the 1995 Supplement to the North	
13	Dakota Cer	tury Code is amended and reenacted as follows:	
14	15-6	62.2-01. Student financial assistance and scholars programs - Establishment -	
15	Administra	tive responsibility. The North Dakota student financial assistance and scholars	
16	programs a	re established to provide grants or scholarships, or both, to assist the following	
17	students:		
18	1.	Resident undergraduate students pursuant to section 15-10-19.1.	
19	2.	North Dakota resident students who have attended and graduated from a high	
20		school in a bordering state pursuant to section 15-40.2-10, who are attending	
21		qualified institutions of postsecondary education within North Dakota.	
22	3.	North Dakota resident students who, because of physical or mental handicap as	
23		certified by a physician, are attending postsecondary institutions out of state due to	
24		the lack of special services or facilities, or both, necessary to meet the	
25		postsecondary educational needs of the handicapped students within North	
26		Dakota.	
27	4.	Scholars who qualify and are selected for scholarships pursuant to sections	
28		15-62.2-00.1 and 15-62.2-03.1 through 15-62.2-03.5.	
29	A student m	nust be in substantial need of financial assistance to receive grants under the	
30	student financial assistance program. The state board of higher education shall administer the		
31	student fina	student financial assistance program and the scholars program.	

1	SEC	TION 11. AMENDMENT. Section 15-62.3-01 of the 1995 Supplement to the North
2	Dakota Cen	tury Code is amended and reenacted as follows:
3	15-6	<b>2.3-01. Definitions.</b> As used in this chapter, unless the context otherwise
4	requires:	
5	1.	"Accredited private institution" means an institution of higher learning located in
6		North Dakota which is operated privately and not controlled or administered by any
7		state agency or subdivision of the state, and which is accredited by the north
8		central association of colleges and secondary schools or the accrediting
9		association of bible colleges.
10	2.	"Agency" means the state board of higher education.
11	3.	"Baccalaureate degree" means the degree customarily granted upon completion of
12		a course of study normally requiring four academic years of college work.
13	4.	"Final unmet financial need" means that need which remains after deducting any
14		amounts available from the United States department of education in the form of a
15		basic educational opportunity grant, or from the state of North Dakota in the form
16		of a North Dakota student assistance grant or a tuition assistance grant, or both.
17	5.	"Financial need" means the difference between (a) the student's financial
18		resources available, including those available from the student's parents as
19		determined by a need analysis as defined in the 1977-78 student financial aid
20		handbook issued by the United States department of education, and (b) the
21		student's anticipated annual expense while attending the accredited private
22		institution. Financial need for each student must be calculated each year.
23	6.	"Full-time resident student" means a North Dakota resident, pursuant to section
24		15-10-19.1, who is enrolled at an accredited private institution in a course of study
25		including at least one hundred eighty instructional hours per semester.
26	7.	"Half-time resident student" means a North Dakota resident who is enrolled at an
27		accredited private institution in a course of study including at least ninety
28		instructional hours per semester.
29	8.	"Qualified student" means a full-time or half-time resident student who has
30		established financial need and who is making satisfactory progress towards
31		graduation.

9. "Tuition assistance grant" means a grant by the state of North Dakota to a qualified
 student.

3 SECTION 12. AMENDMENT. Section 44-04-18.4 of the 1995 Supplement to the North
4 Dakota Century Code is amended and reenacted as follows:

5 44-04-18.4. Confidentiality of trade secret, proprietary, commercial, and financial
6 information.

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- 1. Trade secret, proprietary, commercial, and financial information is confidential if it is of a privileged nature and it has not been previously publicly disclosed.
- 9 2. "Trade secret" includes:
- 10 A computer software program and components of a computer software a. 11 program which are subject to a copyright or a patent, and any formula, 12 pattern, compilation, program, device, method, technique, or process supplied 13 to any state agency, institution, department, or board which is the subject of 14 efforts by the supplying person or organization to maintain its secrecy and 15 that may derive independent economic value, actual or potential, from not 16 being generally known to, and not being readily ascertainable by proper 17 means by, other persons or organizations that might obtain economic value 18 from its disclosure or use; and
- 19 b. A discovery or innovation which is subject to a patent or a copyright, and any 20 formula, pattern, compilation, program, device, method, technique, or process 21 supplied to or prepared by any state agency, institution, department, or board 22 which is the subject of efforts by the supplying person, business, or industry 23 to maintain its secrecy and that may derive independent economic value, 24 actual or potential, from not being generally known to, and not being readily 25 ascertainable by proper means by, any person who might obtain economic 26 value from its disclosure or use.
- Proprietary information" includes information received from a sponsor of research
   conducted by an institution, as well as any discovery or innovation generated by
   that research, technical, financial, and marketing information and other documents
   related to the commercialization, and any other discovery or innovation produced

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1		at the institution which an employee, institution, or the board intends to
2		commercialize.
3	4.	This section does not limit or otherwise affect a record pertaining to any rule of the
4		state department of health or to any record pertaining to the application for a
5		permit or license necessary to do business or to expand business operations
6		within this state, except as otherwise provided by law.
7	<del>5.</del>	An institution of higher education shall include justification for maintaining the
8		confidentiality of information as to each grant or contract involving confidential
9		information in the institution's regular report to the board of higher education of
10		grants and contracts received. The justification must contain general information
11		required by the board and must include at least the following nonconfidential
12		information:
13		a. A general description of the nature of the information sought to be protected;
14		b. A general explanation of why the information derives independent economic
15		value, actual or potential, from not being generally known to other persons;
16		e. A general explanation of why the information is not readily ascertainable
17		through proper means by other persons;
18		d. A general description of the persons or entities that would obtain economic
19		value from disclosure or use of the information, and how they would obtain
20		this value; and
21		e. A general description of the efforts used to maintain the secrecy of the
22		information.
23		The board of higher education shall review the justification at a public meeting of
24		the board and shall decide if the confidential status should be maintained for the
25		project. If the board decides against granting the confidential status, the
26		justification may be resubmitted at the next meeting of the board and the
27		confidential status may be maintained until that time. If the board again decides,
28		upon reconsideration, not to grant confidentiality, the information becomes public.
29	SE	CTION 13. REPEAL. Sections 15-10-15, 15-10-17.1, 15-10-18, 15-10-20,
30	15-10-23, 1	5-10-25, 15-10-25.1, and 15-10-34 of the North Dakota Century Code and sections

- 1 15-10-18.1 and 15-10-19.1 of the 1995 Supplement to the North Dakota Century Code are
- 2 repealed.