

October 2008

Introduced by

1 A BILL for an Act to create and enact five new sections to chapter 15-62.2 of the North Dakota
2 Century Code, relating to creation of the North Dakota promise grant program for students
3 enrolled in institutions of higher education; to provide for reports to the legislative council; to
4 provide legislative intent; to provide a transfer; to provide for the preparation of legislation; and
5 to provide a continuing appropriation.

6 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

7 **SECTION 1.** A new section to chapter 15-62.2 of the North Dakota Century Code is
8 created and enacted as follows:

9 **Promise grant - Eligibility.** A student is eligible for a promise grant if the student:

- 10 1. a. Has been a resident of this state continuously since the school year in which
11 the student enrolled in grade nine; and
- 12 b. Was a resident of this state for any five years during the period beginning with
13 the school year in which the student enrolled or was eligible to enroll in
14 kindergarten and ending with the school year in which the student completed
15 the eighth grade;
- 16 2. On or after May 1, 2014:
 - 17 a. Graduated from a public or nonpublic high school in this state;
 - 18 b. Graduated from a high school in another state under chapter 15.1-29; or
 - 19 c. Met the requirements for a high school diploma through home education, in
20 accordance with section 15.1-23-17;
- 21 3. Completed a high school curriculum that included at least four units of mathematics
22 at the level of algebra I and higher and four units of science;
- 23 4. Has a 23 cumulative composite score or a 23 mathematics scale score on the test
24 of academic achievement administered by ACT, Inc.;

5. Submitted an application for a promise grant as required by the state board of higher education; and

6. a. Attends an accredited public or private North Dakota institution of higher education beginning no earlier than the 2014 fall semester;

b. Is continuously enrolled and carries a course of study that is defined as "full time" by the institution;

c. Is enrolled in an associate or baccalaureate program; and

d. Maintains a 3.0 cumulative college grade point average.

SECTION 2. A new section to chapter 15-62.2 of the North Dakota Century Code is created and enacted as follows:

Promise grant - Amount payable - Annual increase.

1. Beginning with the 2014-15 school year, if a student who is eligible for a promise grant enrolls in an institution of higher education under the control of the state board of higher education, for the first year the student is eligible to receive a promise grant in the amount of sixty-five percent of the tuition charged at the student's institution. During the next three succeeding years, the amount of the promise grant provided during the first year increases in accordance with the consumer price index. If the student enrolls in a private institution of higher education, for the first year the student is entitled to receive sixty-five percent of the statewide average tuition charged at four-year institutions of higher education under the control of the state board of higher education. During the next three succeeding years, the amount of the promise grant provided during the first year increases in accordance with the consumer price index.

2. Beginning with the 2015-16 school year, if a student who is eligible for a promise grant enrolls in an institution of higher education under the control of the state board of higher education, for the first year the student is eligible to receive a promise grant in the amount of seventy percent of the tuition charged at the student's institution. During the next three succeeding years, the amount of the promise grant provided during the first year increases in accordance with the consumer price index. If the student enrolls in a private institution of higher education, for the first year the student is entitled to receive seventy percent of the

1 statewide average tuition charged at four-year institutions of higher education
2 under the control of the state board of higher education. During the next three
3 succeeding years, the amount of the promise grant provided during the first year
4 increases in accordance with the consumer price index.

5 3. Beginning with the 2016-17 school year, if a student who is eligible for a promise
6 grant enrolls in an institution of higher education under the control of the state
7 board of higher education, for the first year the student is eligible to receive a
8 promise grant in the amount of seventy-five percent of the tuition charged at the
9 student's institution. During the next three succeeding years, the amount of the
10 promise grant provided during the first year increases in accordance with the
11 consumer price index. If the student enrolls in a private institution of higher
12 education, for the first year the student is entitled to receive seventy-five percent of
13 the statewide average tuition charged at four-year institutions of higher education
14 under the control of the state board of higher education. During the next three
15 succeeding years, the amount of the promise grant provided during the first year
16 increases in accordance with the consumer price index.

17 4. Beginning with the 2017-18 school year, if a student who is eligible for a promise
18 grant enrolls in an institution of higher education under the control of the state
19 board of higher education, for the first year the student is eligible to receive a
20 promise grant in the amount of eighty percent of the tuition charged at the student's
21 institution. During the next three succeeding years, the amount of the promise
22 grant provided during the first year increases in accordance with the consumer
23 price index. If the student enrolls in a private institution of higher education, for the
24 first year the student is entitled to receive eighty percent of the statewide average
25 tuition charged at four-year institutions of higher education under the control of the
26 state board of higher education. During the next three succeeding years, the
27 amount of the promise grant provided during the first year increases in accordance
28 with the consumer price index.

29 5. Beginning with the 2018-19 school year, if a student who is eligible for a promise
30 grant enrolls in an institution of higher education under the control of the state
31 board of higher education, for the first year the student is eligible to receive a

1 promise grant in the amount of eighty-five percent of the tuition charged at the
2 student's institution. During the next three succeeding years, the amount of the
3 promise grant provided during the first year increases in accordance with the
4 consumer price index. If the student enrolls in a private institution of higher
5 education, for the first year the student is entitled to receive eighty-five percent of
6 the statewide average tuition charged at four-year institutions of higher education
7 under the control of the state board of higher education. During the next three
8 succeeding years, the amount of the promise grant provided during the first year
9 increases in accordance with the consumer price index.

10 6. Beginning with the 2019-20 school year, and each year thereafter, if a student who
11 is eligible for a promise grant enrolls in an institution of higher education under the
12 control of the state board of higher education, for the first year the student is
13 eligible to receive a promise grant in the full amount of tuition charged at the
14 student's institution. During the next three succeeding years, the amount of the
15 promise grant provided during the first year increases in accordance with the
16 consumer price index. If the student enrolls in a private institution of higher
17 education, for the first year the student is entitled to receive the statewide average
18 tuition charged at four-year institutions of higher education under the control of the
19 state board of higher education. During the next three succeeding years, the
20 amount of the promise grant provided during the first year increases in accordance
21 with the consumer price index.

22 **SECTION 3.** A new section to chapter 15-62.2 of the North Dakota Century Code is
23 created and enacted as follows:

24 **Promise grant - Credit.** The promise grant is payable by the state board of higher
25 education to an accredited institution in which the student is enrolled, during each year the
26 student is enrolled, until the student completes the requirements of the associate or
27 baccalaureate program, provided that a student may not receive a grant for more than four
28 consecutive years. The grant must be credited toward any tuition charges due and payable by
29 the student, after accounting for all other grants, scholarships, third-party funds, waivers, and
30 other gift aid. If the grant exceeds the amount owed by the student, the excess funds must be

1 returned to the program and the student has no further right to the funds. No grants are
2 payable after the 2030-31 school year.

3 **SECTION 4.** A new section to chapter 15-62.2 of the North Dakota Century Code is
4 created and enacted as follows:

5 **Annual reports.** The state board of higher education shall provide an annual report
6 regarding the promise grants to the legislative council. The superintendent of public instruction
7 shall at the same time provide an annual report regarding student demographics and student
8 achievement, as evidenced by cumulative grade point averages and high school course
9 selections.

10 **SECTION 5.** A new section to chapter 15-62.2 of the North Dakota Century Code is
11 created and enacted as follows:

12 **North Dakota merit award trust fund - Creation - Continuing appropriation.** There
13 is created in the state treasury a special fund known as the North Dakota merit award trust
14 fund. The fund consists of any moneys appropriated by the legislative assembly, together with
15 any gifts or grants received from any public or private sources. The state board of higher
16 education shall administer the fund. The state investment board shall invest moneys in the fund
17 in accordance with chapter 21-10, and any income earned must be deposited into the trust
18 fund. All interest and income from the trust fund is available to the state board of higher
19 education for the purpose of providing North Dakota promise grants under this Act. The state
20 board of higher education shall return any unexpended amount in the trust fund on June 30,
21 2031, to the general fund in the state treasury.

22 **SECTION 6. TRANSFER.** The director of the office of management and budget shall
23 transfer the sum of \$15,000,000 from the general fund in the state treasury to the North Dakota
24 merit award trust fund on July 1, 2009.

25 **SECTION 7. TRANSFER.** The director of the office of management and budget shall
26 transfer the sum of \$10,000,000 from the state fire and tornado fund in the state treasury to the
27 North Dakota merit award trust fund on July 1, 2009.

28 **SECTION 8. LEGISLATIVE INTENT - FUTURE SUPPORT AND TRANSFERS.** It is
29 the intent of the legislative assembly that, beginning with the 2011-13 biennium, the merit award
30 trust fund be supported in the amount of \$40,000,000 per biennium, \$15,000,000 of that
31 amount from the accumulated and undivided profits of the Bank of North Dakota, \$10,000,000

1 from the oil extraction trust fund, and the remainder from the student loan trust fund and the
2 lottery operating fund, in the proportions determined by the legislative assembly.

3 **SECTION 9. LEGISLATIVE INTENT - ACCESS TO APPROPRIATE EDUCATION.** It

4 is the intent of the legislative assembly that the state board of public school education, the state
5 board of higher education, the education standards and practices board, and the state board for
6 career and technical education continue their joint efforts to establish high standards and
7 expectations of students at all levels of the education continuum and that the boards do all
8 things necessary and proper to ensure that the students of this state have access to
9 challenging curricula, highly qualified teachers and instructors, and an education system that
10 allows them to meet the promise reflected in their abilities and the demands of a twenty-first
11 century global economy.

12 **SECTION 10. PROMISSORY NOTE REQUIREMENTS - CONDITIONS -**
13 **PREPARATION AND PRESENTATION OF LEGISLATION.**

- 14 1. During the 2009-10 interim, the state board of higher education shall collaborate
15 with the Bank of North Dakota to determine the statutory provisions that need to be
16 enacted to:
- 17 a. Require that before any payment may be made on behalf of a student under
18 this Act, the student must execute a promissory note; and
- 19 b. Establish the conditions upon which a promissory note executed by a student
20 under this Act must be based.
- 21 2. The state board of higher education and the Bank of North Dakota shall consider
22 all issues pertinent to the terms and conditions of repayment, including relocation
23 to accept employment, relocation for graduate school attendance, full-time
24 volunteer service, missionary or other religious commitments, military
25 commitments, marital and family commitments, health concerns, and the priority of
26 other debts.
- 27 3. The state board of higher education and the Bank of North Dakota shall prepare
28 the proposed legislation required by this section and present the legislation to the
29 sixty-second legislative assembly.