

Sixty-second  
Legislative Assembly  
of North Dakota

**HOUSE BILL NO. 1411**

Introduced by

Representatives Carlson, Skarphol

1 A BILL for an Act to amend and reenact sections 15-10-10, 54-44.1-04, and 54-44.1-06 of the  
2 North Dakota Century Code, relating to duties of the commissioner of higher education and the  
3 budget requests and appropriations for the North Dakota university system.

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

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

7 **15-10-10. State commissioner of higher education - Qualification - Appointment -**  
8 **Term - Removal - Duties.**

9 The state board of higher education, as soon as practicable, shall appoint, for a term of not  
10 to exceed three years, a state commissioner of higher education whose principal office must be  
11 at the state capitol. The commissioner of higher education is responsible to the board and is  
12 removable by the board for cause. The commissioner must be a graduate of some reputable  
13 college or university who by training and experience is familiar with the problems peculiar to  
14 higher education. The commissioner must be the chief executive officer of the board and shall  
15 perform such duties as must be prescribed by it. The board shall provide for the commissioner  
16 to administer programs that affect students and institutions on a statewide basis and collect and  
17 maintain student and institution data for reporting purposes. The board may not prescribe duties  
18 to the commissioner which include governance over institutions under the control of the board.

19 **SECTION 2. AMENDMENT.** Section 54-44.1-04 of the North Dakota Century Code is  
20 amended and reenacted as follows:

21 **54-44.1-04. (Effective through July 31, 2011) Budget estimates of budget units filed**  
22 **with the office of the budget - Deadline.**

23 The head of each budget unit, not later than July fifteenth of each year next preceding the  
24 session of the legislative assembly, shall submit to the office of the budget, estimates of

1 financial requirements of the person's budget unit for the next two fiscal years, on the forms and  
2 in the manner prescribed by the office of the budget, with such explanatory data as is required  
3 by the office of the budget and such additional data as the head of the budget unit wishes to  
4 submit. The budget estimates for the North Dakota university system must include block grants  
5 for the university system for a base funding component and for an initiative funding component  
6 for specific strategies or initiatives and a budget estimate for an asset funding component for  
7 renewal and replacement of physical plant assets at the institutions of higher education. The  
8 estimates so submitted must bear the approval of the board or commission of each budget unit  
9 for which a board or commission is constituted. The director of the budget in the director's  
10 discretion may extend the filing date for any budget unit if the director finds there is some  
11 circumstance that makes it advantageous to authorize the extension. If a budget unit has not  
12 submitted its estimate of financial requirements by the required date or within a period of  
13 extension set by the director of the budget, the director of the budget shall prepare the budget  
14 unit's estimate of financial requirements except the estimate may not exceed ninety percent of  
15 the budget unit's previous biennial appropriation. The director of the budget or a subordinate  
16 officer as the director designates shall examine the estimates and shall afford to the heads of  
17 budget units reasonable opportunity for explanation in regard thereto and, when requested,  
18 shall grant to the heads of budget units a hearing thereon which must be open to the public.

19 **(Effective after July 31, 2011) Budget estimates of budget units filed with the office of**  
20 **the budget - Deadline.** The head of each budget unit, not later than July fifteenth of each year  
21 next preceding the session of the legislative assembly, shall submit to the office of the budget,  
22 estimates of financial requirements of the person's budget unit for the next two fiscal years, on  
23 the forms and in the manner prescribed by the office of the budget, with such explanatory data  
24 as is required by the office of the budget and such additional data as the head of the budget unit  
25 wishes to submit. The budget estimates for the North Dakota university system must include:

- 26 1. Block grants for a base funding component at each institution and the university  
27 system office. The block grants for institutions must be based on a separate funding  
28 calculation for research institutions, baccalaureate institutions, and two-year  
29 institutions.

2. An initiative funding component for specific strategies or initiatives. Initiative funding for institutions must include separate requests for research, baccalaureate, and two-year institutions.

3. A budget estimate for an asset funding component for the renewal and replacement of physical plant assets at the institutions of higher education.

The estimates so submitted must bear the approval of the board or commission of each budget unit for which a board or commission is constituted. The director of the budget may extend the filing date for any budget unit if the director finds there is some circumstance that makes it advantageous to authorize the extension. If a budget unit has not submitted its estimate of financial requirements by the required date or within a period of extension set by the director of the budget, the director of the budget shall prepare the budget unit's estimate of financial requirements except the estimate may not exceed ninety percent of the budget unit's previous biennial appropriation. The director of the budget or a subordinate officer as the director shall designate shall examine the estimates and shall afford to the heads of budget units reasonable opportunity for explanation in regard thereto and, when requested, shall grant to the heads of budget units a hearing thereon which must be open to the public.

**SECTION 3. AMENDMENT.** Section 54-44.1-06 of the North Dakota Century Code is amended and reenacted as follows:

**54-44.1-06. (Effective through July 31, 2011) Preparation of the budget data - Contents.**

The director of the budget, through the office of the budget, shall prepare budget data which must contain and include the following:

1. Summary statements of the financial condition of the state, accompanied by the detailed schedules of assets and liabilities as the director of the budget determines desirable, which must include the following:
  - a. Summary statements of fund balances and assets showing in detail for each fund the surplus or deficit at the beginning of each of the two fiscal years of the previous biennium and the first fiscal year of the present biennium, the actual revenue for those years, the total appropriations for the previous and present biennium, and the total expenditures for those fiscal years; and

b. Similar summary statements of the estimated fund balances and assets for the current fiscal year and each of the fiscal years of the next biennium.

Summary statements may include a comparative consolidated balance sheet showing all the assets and liabilities of the state and the surplus or deficit, as the case may be, at the close of the first fiscal year of the current biennium.

2. Statements of actual revenue for the previous biennium, the first year of the present biennium, and the estimated revenue of the current fiscal year and of the next biennium, and a statement of unappropriated surplus expected to have accrued in the state treasury at the beginning of the next fiscal year. The statement of unappropriated surplus for the general fund must reflect any projected deficiency appropriations relating to expenditures from the general fund for the present biennium. The statements of revenue and estimated revenue must be classified by sources and by budget unit collecting them. Existing sources of revenue must be analyzed as to their equity, productivity, and need for revision, and any proposed new sources of revenue must be explained.

3. Summary statements of expenditures of the previous biennium and first year of the present biennium, itemized by budget units and classified as prescribed by the director of the budget.

4. Detailed comparative statements of expenditures and requests for appropriations by funds, budget units and classification of expenditures, showing the expenditures for the previous biennium, the first fiscal year of the present biennium, the budget of the current biennium, and the governor's recommendation for appropriations for each budget unit for the next biennium, all distributed according to the prescribed classification of expenditures. Following the lists of actual and proposed expenditures of each budget unit there must be a brief explanation of the functions of the unit and comments on its policies and plans and on any considerable differences among the amounts recommended, with any descriptive, quantitative, comparative, and other data as to work done, unit costs, and like information as may be considered necessary or desirable. For capital outlay expenditures involving construction projects to be completed in two or more fiscal years, there must be shown the total estimated cost of each such project and the amount thereof recommended to be appropriated and

1           expended in each ensuing fiscal year until completion of the project. Capital outlay  
2           needs may be projected for at least two years beyond the period covered by the  
3           budget.

4           5. A detailed statement showing the estimate of all moneys required to be raised or  
5           appropriated for the payment of interest upon the funded debt of the state and its other  
6           obligations bearing interest, and the amount of money required to be contributed in the  
7           two next ensuing fiscal years to the general sinking funds maintained for the  
8           redemption and payment of the debts of the state.

9           6. A summary statement of the unappropriated fund balance estimated to be available at  
10          the beginning of the next biennium, and the estimated revenue of the next biennium,  
11          as compared with the total recommended amounts of appropriation for all classes of  
12          expenditures for the next biennium, and if the total of the recommended expenditures  
13          exceeds the total of the estimated resources, recommendations as to how the  
14          deficiency is to be met and estimates of any proposed additional revenue.

15          7. Drafts of proposed general and special appropriations acts embodying the budget data  
16          and recommendations of the governor for appropriations for the next biennium and  
17          drafts of such revenues and other acts recommended by the governor for putting into  
18          effect the proposed financial plan. The recommended general appropriation for each  
19          budget unit must be specified in a separate section of the general appropriations act.  
20          The draft of the proposed appropriations act for the North Dakota university system  
21          must include block grants for a base funding appropriation and for an initiative funding  
22          appropriation for specific strategies or initiatives and an appropriation for asset funding  
23          for renewal and replacement of physical plant assets at the institutions of higher  
24          education.

25          8. A list of every individual asset or service, excluding real estate, with a value of at least  
26          fifty thousand dollars and every group of assets and services comprising a single  
27          system with a combined value of at least fifty thousand dollars acquired through a  
28          capital or operating lease arrangement or debt financing arrangement by a state  
29          agency or institution. The list must include assets or services acquired in the current  
30          biennium and anticipated assets or services to be acquired in the next biennium.

- 1       9. Any other information as the director of the budget determines desirable or as is  
2       required by law.

3       **(Effective after July 31, 2011) Preparation of the budget data - Contents.** The director  
4       of the budget, through the office of the budget, shall prepare budget data which must contain  
5       and include the following:

- 6       1. Summary statements of the financial condition of the state, accompanied by the  
7       detailed schedules of assets and liabilities as the director of the budget determines  
8       desirable, which must include the following:

- 9       a. Summary statements of fund balances and assets showing in detail for each fund  
10       the surplus or deficit at the beginning of each of the two fiscal years of the  
11       previous biennium and the first fiscal year of the present biennium, the actual  
12       revenue for those years, the total appropriations for the previous and present  
13       biennium, and the total expenditures for those fiscal years; and  
14       b. Similar summary statements of the estimated fund balances and assets for the  
15       current fiscal year and each of the fiscal years of the next biennium.

16       Summary statements may include a comparative consolidated balance sheet showing  
17       all the assets and liabilities of the state and the surplus or deficit, as the case may be,  
18       at the close of the first fiscal year of the current biennium.

- 19       2. Statements of actual revenue for the previous biennium, the first year of the present  
20       biennium, and the estimated revenue of the current fiscal year and of the next  
21       biennium, and a statement of unappropriated surplus expected to have accrued in the  
22       state treasury at the beginning of the next fiscal year. The statement of unappropriated  
23       surplus for the general fund must reflect any projected deficiency appropriations  
24       relating to expenditures from the general fund for the present biennium. The  
25       statements of revenue and estimated revenue must be classified by sources and by  
26       budget unit collecting them. Existing sources of revenue must be analyzed as to their  
27       equity, productivity, and need for revision, and any proposed new sources of revenue  
28       must be explained.

- 29       3. Summary statements of expenditures of the previous biennium and first year of the  
30       present biennium, itemized by budget units and classified as prescribed by the director  
31       of the budget.

- 1       4. Detailed comparative statements of expenditures and requests for appropriations by  
2       funds, budget units and classification of expenditures, showing the expenditures for  
3       the previous biennium, the first fiscal year of the present biennium, the budget of the  
4       current biennium, and the governor's recommendation for appropriations for each  
5       budget unit for the next biennium, all distributed according to the prescribed  
6       classification of expenditures. Following the lists of actual and proposed expenditures  
7       of each budget unit there must be a brief explanation of the functions of the unit and  
8       comments on its policies and plans and on any considerable differences among the  
9       amounts recommended, with any descriptive, quantitative, comparative, and other  
10      data as to work done, unit costs, and like information as may be considered necessary  
11      or desirable. For capital outlay expenditures involving construction projects to be  
12      completed in two or more fiscal years, there must be shown the total estimated cost of  
13      each such project and the amount thereof recommended to be appropriated and  
14      expended in each ensuing fiscal year until completion of the project. Capital outlay  
15      needs may be projected for at least two years beyond the period covered by the  
16      budget.
- 17      5. A detailed statement showing the estimate of all moneys required to be raised or  
18      appropriated for the payment of interest upon the funded debt of the state and its other  
19      obligations bearing interest, and the amount of money required to be contributed in the  
20      two next ensuing fiscal years to the general sinking funds maintained for the  
21      redemption and payment of the debts of the state.
- 22      6. A summary statement of the unappropriated fund balance estimated to be available at  
23      the beginning of the next biennium, and the estimated revenue of the next biennium,  
24      as compared with the total recommended amounts of appropriation for all classes of  
25      expenditures for the next biennium, and if the total of the recommended expenditures  
26      exceeds the total of the estimated resources, recommendations as to how the  
27      deficiency is to be met and estimates of any proposed additional revenue.
- 28      7. Drafts of a proposed general appropriations act and special appropriations acts  
29      embodying the budget data and recommendations of the governor for appropriations  
30      for the next biennium and drafts of such revenues and other acts recommended by the  
31      governor for putting into effect the proposed financial plan. The recommended general

1 appropriation for each budget unit must be specified in a separate section of the  
2 general appropriations act. The draft of the proposed appropriations act for the North  
3 Dakota university system must include:

4 a. Block grants for a base funding component at each institution and the university  
5 system office. The base funding block grants for institutions must be based on a  
6 separate funding calculation for research institutions, baccalaureate institutions,  
7 and two-year institutions.

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9 funding for institutions must include separate requests for research,  
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11 c. A budget estimate for an asset funding component for the renewal and  
12 replacement of physical plant assets at the institutions of higher education.

- 13 8. A list of every individual asset or service, excluding real estate, with a value of at least  
14 fifty thousand dollars and every group of assets and services comprising a single  
15 system with a combined value of at least fifty thousand dollars acquired through a  
16 capital or operating lease arrangement or debt financing arrangement by a state  
17 agency or institution. The list must include assets or services acquired in the current  
18 biennium and anticipated assets or services to be acquired in the next biennium.
- 19 9. Any other information as the director of the budget determines desirable or as is  
20 required by law.