

Sixty-second  
Legislative Assembly  
of North Dakota

**HOUSE BILL NO. 1033**

Introduced by

Legislative Management

(Higher Education Committee)

1 A BILL for an Act to amend and reenact sections 54-44.1-04 and 54-44.1-06 of the North  
2 Dakota Century Code, relating to budget requests and block grant appropriations for the North  
3 Dakota university system; and to provide for a legislative management study.

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

5 **SECTION 1. AMENDMENT.** Section 54-44.1-04 of the North Dakota Century Code is  
6 amended and reenacted as follows:

7 **54-44.1-04. (Effective through July 31, 2014~~2013~~) Budget estimates of budget units**  
8 **filed with the office of the budget - Deadline.**

9 The head of each budget unit, not later than July fifteenth of each year next preceding the  
10 session of the legislative assembly, shall submit to the office of the budget, estimates of  
11 financial requirements of the person's budget unit for the next two fiscal years, on the forms and  
12 in the manner prescribed by the office of the budget, with such explanatory data as is required  
13 by the office of the budget and such additional data as the head of the budget unit wishes to  
14 submit. The budget estimates for the North Dakota university system must include block grants  
15 for the university system for a base funding component and for an initiative funding component  
16 for specific strategies or initiatives and a budget estimate for an asset funding component for  
17 renewal and replacement of physical plant assets at the institutions of higher education. The  
18 estimates so submitted must bear the approval of the board or commission of each budget unit  
19 for which a board or commission is constituted. The director of the budget in the director's  
20 discretion may extend the filing date for any budget unit if the director finds there is some  
21 circumstance that makes it advantageous to authorize the extension. If a budget unit has not  
22 submitted its estimate of financial requirements by the required date or within a period of  
23 extension set by the director of the budget, the director of the budget shall prepare the budget  
24 unit's estimate of financial requirements except the estimate may not exceed ninety percent of

1 the budget unit's previous biennial appropriation. The director of the budget or a subordinate  
2 officer as the director designates shall examine the estimates and shall afford to the heads of  
3 budget units reasonable opportunity for explanation in regard thereto and, when requested,  
4 shall grant to the heads of budget units a hearing thereon which must be open to the public.

5 **(Effective after July 31, 20112013) Budget estimates of budget units filed with the**  
6 **office of the budget - Deadline.** The head of each budget unit, not later than July fifteenth of  
7 each year next preceding the session of the legislative assembly, shall submit to the office of  
8 the budget, estimates of financial requirements of the person's budget unit for the next two fiscal  
9 years, on the forms and in the manner prescribed by the office of the budget, with such  
10 explanatory data as is required by the office of the budget and such additional data as the head  
11 of the budget unit wishes to submit. The estimates so submitted must bear the approval of the  
12 board or commission of each budget unit for which a board or commission is constituted. The  
13 director of the budget may extend the filing date for any budget unit if the director finds there is  
14 some circumstance that makes it advantageous to authorize the extension. If a budget unit has  
15 not submitted its estimate of financial requirements by the required date or within a period of  
16 extension set by the director of the budget, the director of the budget shall prepare the budget  
17 unit's estimate of financial requirements except the estimate may not exceed ninety percent of  
18 the budget unit's previous biennial appropriation. The director of the budget or a subordinate  
19 officer as the director shall designate shall examine the estimates and shall afford to the heads  
20 of budget units reasonable opportunity for explanation in regard thereto and, when requested,  
21 shall grant to the heads of budget units a hearing thereon which must be open to the public.

22 **SECTION 2. AMENDMENT.** Section 54-44.1-06 of the North Dakota Century Code is  
23 amended and reenacted as follows:

24 **54-44.1-06. (Effective through July 31, 20112013) Preparation of the budget data -**  
25 **Contents.**

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

- 28 1. Summary statements of the financial condition of the state, accompanied by the  
29 detailed schedules of assets and liabilities as the director of the budget determines  
30 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

1 amounts recommended, with any descriptive, quantitative, comparative, and other  
2 data as to work done, unit costs, and like information as may be considered necessary  
3 or desirable. For capital outlay expenditures involving construction projects to be  
4 completed in two or more fiscal years, there must be shown the total estimated cost of  
5 each such project and the amount thereof recommended to be appropriated and  
6 expended in each ensuing fiscal year until completion of the project. Capital outlay  
7 needs may be projected for at least two years beyond the period covered by the  
8 budget.

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

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

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

30 8. A list of every individual asset or service, excluding real estate, with a value of at least  
31 fifty thousand dollars and every group of assets and services comprising a single

1 system with a combined value of at least fifty thousand dollars acquired through a  
2 capital or operating lease arrangement or debt financing arrangement by a state  
3 agency or institution. The list must include assets or services acquired in the current  
4 biennium and anticipated assets or services to be acquired in the next biennium.

5 9. Any other information as the director of the budget determines desirable or as is  
6 required by law.

7 **(Effective after July 31, ~~2014~~2013) Preparation of the budget data - Contents.** The  
8 director of the budget, through the office of the budget, shall prepare budget data which must  
9 contain and include the following:

- 10 1. Summary statements of the financial condition of the state, accompanied by the  
11 detailed schedules of assets and liabilities as the director of the budget determines  
12 desirable, which must include the following:
- 13 a. Summary statements of fund balances and assets showing in detail for each fund  
14 the surplus or deficit at the beginning of each of the two fiscal years of the  
15 previous biennium and the first fiscal year of the present biennium, the actual  
16 revenue for those years, the total appropriations for the previous and present  
17 biennium, and the total expenditures for those fiscal years; and
- 18 b. Similar summary statements of the estimated fund balances and assets for the  
19 current fiscal year and each of the fiscal years of the next biennium.
- 20 Summary statements may include a comparative consolidated balance sheet showing  
21 all the assets and liabilities of the state and the surplus or deficit, as the case may be,  
22 at the close of the first fiscal year of the current biennium.
- 23 2. Statements of actual revenue for the previous biennium, the first year of the present  
24 biennium, and the estimated revenue of the current fiscal year and of the next  
25 biennium, and a statement of unappropriated surplus expected to have accrued in the  
26 state treasury at the beginning of the next fiscal year. The statement of unappropriated  
27 surplus for the general fund must reflect any projected deficiency appropriations  
28 relating to expenditures from the general fund for the present biennium. The  
29 statements of revenue and estimated revenue must be classified by sources and by  
30 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 expended in each ensuing fiscal year until completion of the project. Capital outlay needs may be projected for at least two years beyond the period covered by the budget.

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

6. A summary statement of the unappropriated fund balance estimated to be available at the beginning of the next biennium, and the estimated revenue of the next biennium, as compared with the total recommended amounts of appropriation for all classes of expenditures for the next biennium, and if the total of the recommended expenditures

exceeds the total of the estimated resources, recommendations as to how the deficiency is to be met and estimates of any proposed additional revenue.

7. Drafts of a proposed general appropriations act and special appropriations acts embodying the budget data and recommendations of the governor for appropriations for the next biennium and drafts of such revenues and other acts recommended by the governor for putting into effect the proposed financial plan. The recommended general appropriation for each budget unit must be specified in a separate section of the general appropriations act.
8. A list of every individual asset or service, excluding real estate, with a value of at least fifty thousand dollars and every group of assets and services comprising a single system with a combined value of at least fifty thousand dollars acquired through a capital or operating lease arrangement or debt financing arrangement by a state agency or institution. The list must include assets or services acquired in the current biennium and anticipated assets or services to be acquired in the next biennium.
9. Any other information as the director of the budget determines desirable or as is required by law.

### **SECTION 3. LEGISLATIVE MANAGEMENT STUDY - HIGHER EDUCATION.**

1. During the 2011-12 interim, the legislative management chairman may appoint an interim higher education committee to study issues affecting higher education.
2. The interim committee may hold educational summit meetings to discuss topics that include:
  - a. Alternative uses of institutions and changes to institutional missions;
  - b. Issues affecting two-year campuses;
  - c. Tuition affordability, including a review of tuition reciprocity agreements;
  - d. Accessibility of higher education;
  - e. Workforce needs;
  - f. Contributions to economic development;
  - g. Utilization and capacity of higher education institution facilities;
  - h. Quality of education being delivered; and
  - i. Revenue-neutral policies that would aid in the reduction of student loan debt.

- 1        3.    The chairman of the interim higher education committee may invite summit topic
- 2            experts, representatives of the North Dakota university system, the private sector, and
- 3            students to participate in the summit meetings to provide information to the committee
- 4            as determined necessary to assist the committee in conducting its study.
- 5        4.    The legislative management shall report its findings and recommendations, together
- 6            with any legislation required to implement the recommendations, to the sixty-third
- 7            legislative assembly.