

**Fifty-fifth Legislative Assembly, State of North Dakota, begun in the
Capitol in the City of Bismarck, on Monday, the sixth day of January,
one thousand nine hundred and ninety-seven**

SENATE BILL NO. 2003
(Appropriations Committee)
(At the request of the Governor)

AN ACT to provide an appropriation for defraying the expenses of the North Dakota university system; to provide a contingent appropriation; to authorize the industrial commission to issue and sell bonds for capital projects; to provide an appropriation; to amend and reenact sections 54-02-11 and 54-17.2-23 of the North Dakota Century Code, relating to the state art gallery and limitation on state building authority lease payments; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are hereby appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds or other income, to the North Dakota university system and to the various institutions of higher learning under the supervision of the North Dakota university system for the purpose of defraying their expenses, for the biennium beginning July 1, 1997, and ending June 30, 1999, as follows:

Subdivision 1.

NORTH DAKOTA UNIVERSITY SYSTEM

Salaries and wages		\$356,043,998
Technology		<u>22,813,400</u>
Total salaries, wages, and technology		\$378,857,398
Estimated income:		
Bismarck state college	\$6,461,060	
University of North Dakota - Lake Region	1,423,217	
University of North Dakota - Williston	2,266,959	
University of North Dakota	53,046,381	
North Dakota state university	45,301,979	
North Dakota state college of science	8,482,258	
Dickinson state university	5,497,688	
Mayville state university	2,865,468	
Minot state university	13,452,405	
Valley City state university	3,709,027	
Minot state university - Bottineau	1,352,782	
University of North Dakota medical center	41,176,495	
Forest service	<u>663,040</u>	
Less institutional estimated income		\$185,698,759
General fund appropriation		<u>\$193,158,639</u>

Subdivision 2.

NORTH DAKOTA UNIVERSITY SYSTEM OFFICE

Operating expenses	\$	711,278
Equipment		21,000
Capital improvements emergency		200,000
Student financial assistance grants		4,480,386
ADA projects		500,000
Computer network management		205,494
Small campus projects		500,000
Professional student exchange program		1,389,801
Disabled student services		26,693
Technical administration		184,906

Contingency fund	200,000
Scholars program	659,286
Perkins loan program match	102,885
Native American scholarships	204,000
Title II	434,000
Competitive research program	1,980,000
Tribal community college IVN grants	100,000
Total operating fund appropriation	\$ 11,899,729
Less operating fund estimated income	3,604,886
General fund appropriation	\$ 8,294,843

Subdivision 3.

BISMARCK STATE COLLEGE

Operating fund appropriation	
Operating expenses	\$ 4,081,904
Equipment	576,407
Capital improvements	1,124,542
Total operating fund appropriation	\$ 5,782,853
Less operating fund estimated income	350,000
General fund appropriation	\$ 5,432,853
Local funds appropriation	2,785,000
Total general fund and local funds appropriations	\$ 8,217,853
Total all funds appropriation	\$ 8,567,853

Subdivision 4.

UNIVERSITY OF NORTH DAKOTA - LAKE REGION

Operating fund appropriation	
Operating expenses	\$ 1,183,386
Equipment	136,338
Capital improvements	74,993
Total operating fund appropriation	\$ 1,394,717
Less operating fund estimated income	0
General fund appropriation	\$ 1,394,717
Local funds appropriation	1,964,700
Total general fund and local funds appropriations	\$ 3,359,417
Total all funds appropriation	\$ 3,359,417

Subdivision 5.

UNIVERSITY OF NORTH DAKOTA - WILLISTON

Operating fund appropriation	
Operating expenses	\$ 1,462,540
Equipment	210,815
Capital improvements	3,071,929
Total operating fund appropriation	\$ 4,745,284
Less operating fund estimated income	3,000,000
General fund appropriation	\$ 1,745,284
Local funds appropriation	182,300
Total general fund and local funds appropriations	\$ 1,927,584
Total all funds appropriation	\$ 4,927,584

Subdivision 6.

UNIVERSITY OF NORTH DAKOTA

Operating fund appropriation	
Operating expenses	\$ 28,875,130
Equipment	1,517,369
Capital improvements	4,857,305
Total operating fund appropriation	\$ 35,249,804
Less operating fund estimated income	2,950,000
General fund appropriation	\$ 32,299,804

Local funds appropriation	<u>56,720,000</u>
Total general fund and local funds appropriations	\$ 89,019,804
Total all funds appropriation	\$ 91,969,804

Subdivision 7.

NORTH DAKOTA STATE UNIVERSITY

Operating fund appropriation	
Operating expenses	\$ 20,342,645
Equipment	1,905,500
Capital improvements	<u>2,777,072</u>
Total operating fund appropriation	\$ 25,025,217
Less operating fund estimated income	<u>1,350,000</u>
General fund appropriation	\$ 23,675,217
Local funds appropriation	<u>18,670,000</u>
Total general fund and local funds appropriations	\$ 42,345,217
Total all funds appropriation	\$ 43,695,217

Subdivision 8.

NORTH DAKOTA STATE SCHOOL OF SCIENCE

Operating fund appropriation	
Operating expenses	\$ 5,768,890
Equipment	1,337,662
Capital improvements	<u>598,947</u>
Total operating fund appropriation	\$ 7,705,499
Less operating fund estimated income	<u>110,000</u>
General fund appropriation	\$ 7,595,499
Local funds appropriation	<u>3,992,300</u>
Total general fund and local funds appropriations	\$ 11,587,799
Total all funds appropriation	\$ 11,697,799

Subdivision 9.

DICKINSON STATE UNIVERSITY

Operating fund appropriation	
Operating expenses	\$ 3,826,432
Equipment	322,500
Capital improvements	<u>321,103</u>
Total operating fund appropriation	\$ 4,470,035
Less operating fund estimated income	<u>150,000</u>
General fund appropriation	\$ 4,320,035
Local funds appropriation	<u>1,430,000</u>
Total general fund and local funds appropriations	\$ 5,750,035
Total all funds appropriation	\$ 5,900,035

Subdivision 10.

MAYVILLE STATE UNIVERSITY

Operating fund appropriation	
Operating expenses	\$ 1,981,057
Equipment	220,500
Capital improvements	<u>131,925</u>
Total operating fund appropriation	\$ 2,333,482
Less operating fund estimated income	<u>0</u>
General fund appropriation	\$ 2,333,482
Local funds appropriation	<u>685,000</u>
Total general fund and local funds appropriations	\$ 3,018,482
Total all funds appropriation	\$ 3,018,482

Subdivision 11.

MINOT STATE UNIVERSITY

Operating fund appropriation

Operating expenses	\$ 5,938,012
Equipment	779,668
Capital improvements	<u>2,342,098</u>
Total operating fund appropriation	\$ 9,059,778
Less operating fund estimated income	<u>1,500,000</u>
General fund appropriation	\$ 7,559,778
Local funds appropriation	<u>4,535,732</u>
Total general fund and local funds appropriations	\$ 12,095,510
Total all funds appropriation	\$ 13,595,510

Subdivision 12.

VALLEY CITY STATE UNIVERSITY

Operating fund appropriation	
Operating expenses	\$ 2,609,734
Equipment	308,500
Capital improvements	765,000
Special initiatives	<u>202,837</u>
Total operating fund appropriation	\$ 3,886,071
Less operating fund estimated income	<u>0</u>
General fund appropriation	\$ 3,886,071
Local funds appropriation	<u>1,550,000</u>
Total general fund and local funds appropriations	\$ 5,436,071
Total all funds appropriation	\$ 5,436,071

Subdivision 13.

MINOT STATE UNIVERSITY - BOTTINEAU

Operating fund appropriation	
Operating expenses	\$ 987,980
Equipment	147,500
Capital improvements	<u>74,130</u>
Total operating fund appropriation	\$ 1,209,610
Less operating fund estimated income	<u>0</u>
General fund appropriation	\$ 1,209,610
Local funds appropriation	<u>211,100</u>
Total general fund and local funds appropriations	\$ 1,420,710
Total all funds appropriation	\$ 1,420,710

Subdivision 14.

NORTH DAKOTA FOREST SERVICE

Operating fund appropriation	
Operating expenses	\$ 409,299
Equipment	48,011
Capital improvements	81,061
Grants to centennial trees	<u>147,486</u>
Total operating fund appropriation	\$ 685,857
Less operating fund estimated income	<u>147,486</u>
General fund appropriation	\$ 538,371
Local funds appropriation	<u>50,000</u>
Total general fund and local funds appropriations	\$ 588,371
Total all funds appropriation	\$ 735,857

Subdivision 15.

UNIVERSITY OF NORTH DAKOTA MEDICAL CENTER

Operating fund appropriation	
Operating expenses	\$ 16,049,721
Equipment	<u>4,705,045</u>
Total operating fund appropriation	\$ 20,754,766
Less operating fund estimated income	<u>13,008,600</u>
General fund appropriation	\$ 7,746,166

Grand total general fund appropriation S.B. 2003	\$301,940,369
Grand total special funds appropriation S.B. 2003	\$232,219,731
Grand total local funds appropriation S.B. 2003	\$ 92,776,132
Grand total all funds appropriation S.B. 2003	\$626,936,232

SECTION 2. APPROPRIATION TRANSFER. The higher education contingency fund, capital improvements emergency, ADA projects, small campus projects, and disabled student services in subdivision 2 of section 1 must be used for the benefit of the institutions and entities in subdivisions 2 through 15 of section 1 as determined by the North Dakota university system. The board shall notify the office of management and budget of the allocation of general fund authority from the university system contingency fund, capital improvements emergency, ADA projects, small campus projects, and disabled student services to the various entities and institutions and which line items in the various institutions and entities must be adjusted.

SECTION 3. ADDITIONAL INCOME - APPROPRIATION. Operating fund income received in excess of the estimated income line item appropriated to the entities in section 1 of this Act which is deposited in their respective operating funds in the state treasury up to the following amounts is hereby appropriated and may be spent subject to university system approval:

INSTITUTION	AMOUNT
North Dakota university system office	\$ 108,147
Bismarck state college	204,332
University of North Dakota - Lake Region	42,697
University of North Dakota - Williston	158,009
University of North Dakota	1,679,891
North Dakota state university	1,399,559
North Dakota state college of science	257,768
Dickinson state university	169,431
Mayville state university	85,964
Minot state university	448,572
Valley City state university	111,271
Minot state university - Bottineau	40,583
North Dakota forest service	24,316
University of North Dakota medical center	1,625,553
Total	\$6,356,093

Any additional excess estimated income is hereby appropriated and may be spent only upon authorization of the emergency commission. Any funds received by the board of higher education and the entities of the North Dakota university system pursuant to federal acts, private grants, and other sources not deposited in the operating funds in the state treasury are hereby appropriated for the period beginning July 1, 1997, and ending June 30, 1999.

SECTION 4. TRANSFER AUTHORITY. The North Dakota university system is authorized to approve transfer of funds between line items for each entity included in section 1 of this Act and shall notify the office of management and budget of each transfer.

SECTION 5. CONTINGENT APPROPRIATION - NORTH DAKOTA STATE UNIVERSITY AND NORTH DAKOTA STATE COLLEGE OF SCIENCE. There is hereby appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$750,000, and from special funds derived from other income not in the existing budgets, the sum of \$250,000, or so much of the sums as may be necessary, to North Dakota state university and North Dakota state college of science for the purpose of operating the Fargo skills center, for the biennium beginning July 1, 1997, and ending June 30, 1999. The general fund appropriation provided for in this section may only be spent upon certification to the state treasurer that North Dakota state university and North Dakota state college of science have received commitments to provide the \$200,000 of special funds derived from other income not in the existing budgets for the project.

SECTION 6. PROJECT AUTHORIZATIONS. The industrial commission, acting as the North Dakota building authority, shall arrange for the funding of the projects authorized in this section, hereby

declared to be in the public interest, through the issuance of evidences of indebtedness under chapter 54-17.2, during the biennium beginning July 1, 1997, and ending June 30, 1999. The proceeds of the evidences of indebtedness and other available funds are hereby appropriated during the biennium beginning July 1, 1997, and ending June 30, 1999, for the following projects:

University of North Dakota	Renovation and addition to the Ed James Wing of the Medical School building	\$3,000,000
North Dakota state university	Animal research facility	5,000,000
North Dakota state college of science	Bute gym remodeling	1,700,000
Minot state university	Moore hall renovation	4,000,000
Department of corrections and rehabilitation	Youth correctional center - Gymnasium renovation	1,400,000

The industrial commission shall issue evidences of indebtedness under this section with the condition that lease rental payments need not begin until July 1, 1999. This authority of the industrial commission to issue evidences of indebtedness ends June 30, 1999, but the industrial commission may continue to exercise all other powers granted to it under chapter 54-17.2 and this Act and to comply with any covenants entered into before that date.

The university of North Dakota may obtain and utilize any available funds received from federal, public, or private sources which are hereby appropriated to the university of North Dakota to assist in the renovation and addition to the Ed James wing of the medical school building at the university of North Dakota, for the biennium beginning July 1, 1997, and ending June 30, 1999.

North Dakota state university may obtain and utilize federal funds to assist in the construction of an animal research facility at North Dakota state university. There is hereby appropriated to North Dakota state university the sum of \$5,000,000, or so much of the sum as may be necessary, from any federal or other funds that may become available for this project, for the biennium beginning July 1, 1997, and ending June 30, 1999.

SECTION 7. LOCAL RESPONSIBILITY. Of the total construction authorized by this Act, a total of \$1,300,000 must be available from non-general fund sources to assist in the construction costs or retirement of the evidences of indebtedness, issued for the project costs associated with construction of the projects authorized by this Act:

North Dakota state university project	\$1,000,000
North Dakota state college of science project	300,000

Unless the moneys are available at an earlier date, payment or payments must be made in six equal annual installments, beginning after fiscal year 1999. Prepayment may be made on any or all of these amounts. Payments of local matching amounts must be deposited in a special industrial commission account from which the industrial commission, acting as the North Dakota building authority, shall use the funds in making principal and interest payments.

SECTION 8. EXEMPTION. The scholars program, university system contingency fund, student financial assistance grants, professional student exchange program appropriations, Native American scholarships, and operating expenses contained in subdivision 1 of section 1 of chapter 3 of the 1995 Session Laws are not subject to the provisions of section 54-44.1-11 and any unexpended funds from these appropriations are available during the biennium beginning July 1, 1997, and ending June 30, 1999.

SECTION 9. LEGISLATIVE INTENT - FULL-TIME EQUIVALENTS. The North Dakota university system is authorized to adjust or increase full-time equivalent positions as needed, subject to availability of funds. The university system shall report any adjustments to the office of management and budget prior to the submission of the 1999-2001 budget request.

SECTION 10. UNEXPENDED GENERAL FUNDS - EXCESS INCOME. Unexpended general fund dollars appropriated to and excess income received by entities listed in section 1 of chapter 3 of the 1995 Session Laws are not subject to the provisions of section 54-44.1-11 and any unexpended funds from these appropriations or revenues are available during the biennium beginning July 1, 1997, and ending June 30, 1999, and may be expended, as directed by the university system, for capital repairs and improvements, equipment, and other purposes not requiring an increase in future general fund appropriations.

SECTION 11. LOCAL FUNDS APPROPRIATED. The local funds appropriations in section 1 of this Act include funds derived from indirect cost recoveries, special course and program fees, utility sales, building and equipment lease rental, excess property sales, sales and services of educational departments, and miscellaneous local funds. Any funds from these sources beyond the local funds appropriation included in section 1 of this Act are hereby appropriated for the biennium ending June 30, 1999, and may be spent subject to approval of the North Dakota university system and reported to the budget section of the legislative council.

SECTION 12. NORTH DAKOTA UNIVERSITY SYSTEM - BOND ISSUANCE - PURPOSES. The North Dakota university system, in accordance with chapter 15-55, may issue and sell self-liquidating, tax-exempt bonds in an amount not exceeding \$450,000 for the purpose of financing a revenue-producing parking lot, curb, gutter, sidewalks, and ring road in connection with the rural technology center at the university of North Dakota for the biennium beginning July 1, 1997, and ending June 30, 1999. Bonds issued under the provisions of this Act may not become a general obligation of the state of North Dakota.

SECTION 13. USE OF BOND PROCEEDS - APPROPRIATION. The proceeds resulting from the sale of bonds authorized under section 12, or so much of the sum as may be necessary, plus any available funds received from federal or private sources, are hereby appropriated for the purpose of constructing a parking lot, curb, gutter, sidewalks, and ring road in connection with the rural technology center at the university of North Dakota for the biennium beginning July 1, 1997, and ending June 30, 1999. Any unexpended balance from the sale of bonds must be placed in sinking funds for the retirement of the authorized bonds.

SECTION 14. UNEXPENDED FUNDS - EXEMPTION. Capital improvements funds contained in section 3 of chapter 3 of the 1995 Session Laws for Bute gymnasium at the North Dakota state college of science and capital improvements funds of \$300,000 contained in subdivision 10 of section 1 of chapter 3 of the 1995 Session Laws for old main emergency exits at Minot state university are not subject to the provisions of section 54-44.1-11 and any unexpended funds from these appropriations are available during the biennium beginning July 1, 1997, and ending June 30, 1999.

SECTION 15. BOARD OF HIGHER EDUCATION ALLOCATIONS - AUTHORITY. The amounts in subdivision 1 of section 1 must be used for the benefit of the institutions and entities in subdivisions 2 through 15 of section 1 as determined by the board of higher education in accordance with the guidelines established in section 16 of this Act. The board shall notify the office of management and budget of the allocation of authority and which line items in the various institutions must be adjusted.

SECTION 16. ALLOCATIONS - SALARIES AND WAGES - TECHNOLOGY FUNDING - LEGISLATIVE INTENT - DECLARATION OF PURPOSE - GUIDELINES.

1. It is the intent of the legislative assembly that the state board of higher education consider the following items in making annual budget allocations for salaries and wages and technology from the appropriations contained in subdivision 1 of section 1 of this Act:
 - a. Base salary allocations are to be made for operations based on mission, historical funding, major enrollment changes, campus size, size of physical plant, instructional and research programs, program type, comparisons with peer institutions, special systemwide services, student service levels, and tuition revenues related to each entity.

- b. Salary increase allocations are to be made based on general salary increases, one-time increases, performance-based increases, market increases, and other increases, including workload changes, new responsibilities, and promotions.
 - c. Targeted initiative allocations are to be made for campus reallocation efforts, consolidation of administrative functions across campuses, collaborative academic programs offered among campuses, and for distance education initiatives or innovations in instructional delivery.
 - d. Technology funding allocations are to be made based on historic funding, the higher education computer network strategic plan, base funding for higher education computer network computer center operations, base funding for interactive video network and on-line Dakota information network operations, the system distance learning plan, training needs, classroom technology renovation, technology innovations, and technology-related matching grants. Technology fees paid by students shall remain at the respective institution.
2. The legislative assembly recognizes the constitutional authority of the state board of higher education and also recognizes the role of the legislative assembly in providing adequate funds for the board to carry out its functions and duties. The legislative assembly declares its intent that allocations are not to be used to close any institution of higher education. In addition, the board of higher education may not substantially reorganize the work of any institution except as authorized by the legislative assembly.
3. The state board of higher education shall follow the following guidelines in making the allocations for salaries and wages and technology as provided in this Act:
- a. Changes in allocations from historic patterns may be made if based upon documented enrollment changes.
 - b. The state board of higher education may provide incentives to institutions for effectuating savings in administrative costs.
 - c. The board may allocate funds to maximize benefits of matching programs and grants from outside sources.
 - d. Notwithstanding guidelines a, b, and c, an institution of higher education shall receive salaries and wages for the 1997-99 biennium that are at least ninety-five percent of the salaries and wages for the 1995-97 biennium.
4. The state board of higher education shall periodically report to the budget section of the legislative council on the allocations made pursuant to this section and shall make recommendations regarding the allocation process for the 1999-2001 biennium.

SECTION 17. LEGISLATIVE INTENT - STATEWIDE ACCESS TO WORK FORCE TRAINING PROGRAMS - REPORT TO LEGISLATIVE COUNCIL COMMITTEE. It is the intent of the fifty-fifth legislative assembly that the North Dakota university system cooperate with other state agencies and private organizations to provide work force training programs in a manner that will allow statewide access to these programs and will improve the system's ability to coordinate and implement work force training programs in anticipation of future work force training needs. The state board for vocational and technical education shall provide, during the 1997-98 interim, periodic reports to the legislative council or its designated committee, on the agency's progress in coordinating statewide access to work force training programs.

SECTION 18. LEGISLATIVE INTENT - MINOT STATE UNIVERSITY - BOTTINEAU COAL HANDLING PROJECT. It is the intent of the fifty-fifth legislative assembly that the board of higher education give consideration to allocating \$130,000, from the small campus projects pool of \$500,000, to Minot state university - Bottineau for improvements to the coal handling system.

SECTION 19. ACCEPTANCE OF GIFTS. Notwithstanding any other provisions of law, the dean of the university of North Dakota medical school may accept and receive gifts, grants, bequests, and donations that are hereby appropriated for use by the university of North Dakota medical school.

SECTION 20. AMENDMENT. Section 54-02-11 of the North Dakota Century Code is amended and reenacted as follows:

54-02-11. State art gallery - Ownership of art. The university of North Dakota art galleries, established in 1972 on the university campus in Grand Forks, is hereby designated the North Dakota state art gallery. No general fund moneys may be used to support the North Dakota art gallery now or in the future. Unless clear title is otherwise demonstrable, any work of art, artifact, or artistic property located in the state art gallery is deemed to be the property of the North Dakota museum of art and is subject to disposition by the North Dakota museum of art.

SECTION 21. AMENDMENT. Section 54-17.2-23 of the 1995 Supplement to the North Dakota Century Code is amended and reenacted as follows:

54-17.2-23. State building authority lease payments - Limitation. The general fund amount of lease payments for a biennium associated with capital construction projects financed by the industrial commission acting as the state building authority may not exceed the amount equal to a portion of sales, use, and motor vehicle excise tax collections equal to ~~eleven~~ ten percent of an amount, determined by multiplying the quotient of one percent divided by the general sales tax rate that was in effect when the taxes were collected, times the net sales, use, and motor vehicle excise tax collections under chapters 57-39.2, 57-40.2, and 57-40.3.

SECTION 22. EMERGENCY. The capital improvements line items contained in subdivisions 7 and 11 of section 1 include \$150,000 for Sudro hall remodeling at North Dakota state university and \$1,500,000 for a student center addition at Minot state university are declared to be emergency measures and those funds are available immediately upon filing of this Act with the secretary of state.

President of the Senate

Speaker of the House

Secretary of the Senate

Chief Clerk of the House

This certifies that the within bill originated in the Senate of the Fifty-fifth Legislative Assembly of North Dakota and is known on the records of that body as Senate Bill No. 2003 and that two-thirds of the members-elect of the Senate voted in favor of said law.

Vote: Yeas 42 Nays 5 Absent 2

President of the Senate

Secretary of the Senate

This certifies that two-thirds of the members-elect of the House of Representatives voted in favor of said law.

Vote: Yeas 73 Nays 23 Absent 1

Speaker of the House

Chief Clerk of the House

Received by the Governor at _____ M. on _____, 1997.

Approved at _____ M. on _____, 1997.

Governor

Filed in this office this _____ day of _____, 1997,
at ____ o'clock _____ M.

Secretary of State