MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M

ROLL NUMBER

DESCRIPTION

1030

2007 HOUSE APPROPRIATIONS

HB 1030

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1030

House Appropriations Committee
Education and Environment Division

☐ Check here for Conference Committee

Hearing Date: January 16, 2007

Recorder Job Number: 1146

Committee Clerk Signature Shirley Bronning

Minutes:

Chairman Wald opened the hearing on HB 1030, Higher education institutions special revenue funds.

Eddie Dunn, Interim Chancellor North Dakota University System (NDUS) Representing NDUS (See attached handout 1-HB1030, p. 1). Under this bill, tuition revenues at NDUS campuses would be appropriated in the same way all other institutional funds are appropriated for another two-year period. Tuition revenues are deposited in the Bank of ND.

Representative Klein: Basically we don't know what the tuition is going to be, right now. How do you take money out of that fund?

Dunn: All institutions were asked to submit budget requests, not to exceed 5%. Tuition levels for each of the institutions will be set when the budget is finalized.

Chairman Wald: What kind of teeth do you have to keep the 5% benchmark?

Dunn: The Board has the final authority to set tuition levels.

Representative Klein: We don't know what that will be but we are giving you blank authority.

Dunn: The Roundtable discussions strive to build a high level of trust, this board must report back to the legislature.

Laura Glatt. Vice Chancellor for Administrative Affairs, NDUS The board has taken a very strong message to the campuses about tuition increases, not to exceed 5%. That is in our request but not reflected in the bill before you. This varies greatly across campuses. If that funding request is met, tuition rates would not exceed 5%. If this is not approved, budgets will have to be cut for items such as utilities, salary and health insurance increases, etc. By limiting tuition, some institutions will have to cut their budgets. The board has not had the opportunity to study the impacts.

Representative Aarsvold: Would this be a function of the scale where the smaller colleges would have more difficulty to define the adjustments.

Glatt: Yes, a large issue is the utility factor.

Representative Klein: The board wants to move extraordinary costs into the base budget – is this part of the base? So the tuition might change?

Glatt: You want us to stay on top of those regular repair costs and maintenance. Tuition rates are not a means to operate campuses. Tuition pays for staff plus a % of parity, at 40%.

Representative Klein, continuing: If we don't put extraordinary costs into the base budget, all bets are off.

Glatt: In terms of tuition, no I wouldn't say that.

Representative Martinson: I think we should have the president of the BHE come to some of our meetings. Particularly when we get to cross over and the end. I promised that we would not shoot the messenger. Most of us don't respond very well to threats that if we don't give them all the money requested, they'll raise tuition. Personally, I have no trust in BHE, none, zero, nada. But I would prefer to tell that to them, not to you.

Glatt: I am sure they can be here. I don't think we have good information, right now.

Representative Klein: There's so many unknowns out there.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1030

House Appropriations Committee
Education and Environment Division

☐ Check here for Conference Committee

Hearing Date: February 6, 2007

Recorder Job Number: 2882

Committee Clerk Signature Shirley Banning

Minutes:

Chairman Wald: Called the meeting to order to take up HB 1030. Representative Hawken, you are the carrier on this bill.

Vice Chairman Monson: The only discussion on this was, on page 2, lines 6 and 7, I highlighted "The funds in the institution accounts are appropriated on a continuing basis". The funds that they are talking about are any gifts.

Chairman Wald: This is kind of routine.

Vice Chairman Monson It changes the date from 2007 to 2009, we need to discontinue what we have been doing.

Roxanne Woeste: What it does is, it continues Higher Ed continuing appropriation for all special funds with the inclusion of grants, donations, room and board for two more years.

Chairman Wald: If there are no further questions, I will entertain the motion for a **DO PASS.**

Representative Klein: I move a **DO PASS.**

Representative Aarsvold: Second.

Chairman Wald: Instruct the clerk to call the roll on a **DO PASS** on HB 1030.

Vote: 7 yes, 0 no, 0 Absent. **Carrier: Representative Hawken:**

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1030

House Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: 2/6/07

Recorder Job Number: 2977

Committee Clerk Signature Tonya Voegele

Minutes:

Chairman Svedjan opened the hearing on House Bill 1030.

Rep. Hawken reviewed House Bill 1030.

Rep. Hawken: House Bill 1030 deals with Higher Education Special Funds continuing with the indirect funds. We are simply on this bill changing the date from June 30, 2007 to June 30, 2009. This is so they can accept gifts and deposit the funds. This is an enabling bill. There is no fiscal note on it.

Chairman Svedjan: Can you tell us just a little more about what the bill does?

Rep. Hawken: The bill allows the institutions to accept grants, gifts, and any indirect funding.

Chairman Svedjan: This bill comes before us virtually every session?

Rep. Hawken: Yes it does. We have been asked to do it as ongoing and it was at the will of the legislature to see it every two years.

Rep. Wald: The big item in this bill is research grants.

Rep. Hawken: It allows the flexibility.

Rep. Kempenich: Why is the emergency clause on here?

Rep. Hawken: Because it is ongoing.

A motion was made by Rep. Hawken, seconded by Rep. Wald to DO PASS House Bill 1030. The committee vote was 22 Yeas, 0 Nays, 2 Absent and Not Voting. The bill will be carried by Rep. Hawken.

Date: February 6, 2007
Roll Call Vote #: 1

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1030

House **Appropriations Education and Environment Division** Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do pass

Motion Made By Rep. Klein Seconded By Rep. Aarsvold

Representatives	Yes	No	Representatives	Yes	No
Chairman Wald:	✓		Representative Aarsvold:	✓	
Vice Chairman Monson	✓		Representative Gulleson	✓	
Representative Hawken:	✓				
Representative Klein:	✓				
Representative Martinson:	✓				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Rep. Kathy Hawken

If the vote is on an amendment, briefly indicate intent:

Date: 2/6/07
Roll Call Vote #: 1

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1030

House Appropriations Full Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number —

Action Taken Do Pass

Motion Made By Hawken Seconded By Wald

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan	✓				
Vice Chairman Kempenich	✓				
Representative Wald	✓		Representative Aarsvold	✓	
Representative Monson	✓		Representative Gulleson	✓	
Representative Hawken	✓				
Representative Klein	✓				
Representative Martinson	✓				
Representative Carlson	—		Representative Glassheim	✓	
Representative Carlisle	✓		Representative Kroeber	✓	
Representative Skarphol	✓		Representative Williams	✓	
Representative Thoreson	✓				
Representative Pollert	✓		Representative Ekstrom	✓	
Representative Bellew	—		Representative Kerzman	✓	
Representative Kreidt	✓		Representative Metcalf	✓	
Representative Nelson	✓				
Representative Wieland	✓				

Total (Yes) 22 No 0

Absent 2

Floor Assignment Hawken

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1030: Appropriations Committee (Rep. Svedjan, Chairman) recommends **DO PASS** (22 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). HB 1030 was placed on the Eleventh order on the calendar.

2007 SENATE APPROPRIATIONS

HB 1030

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1030

Senate Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: 02/026/07

Recorder Job Number: 3864

Committee Clerk Signature

Minutes:

Chairman Holmberg opened the hearing on HB 1030.

Chancellor Eddie Dunn, NDUS, presented written testimony describing what HB 1030, 1031, and 1032 do indicating they are very important to the operation of the University System.

Senator Christmann asked about the tuition funds being deposited to the Bank of North Dakota, then what happens. The response was the funds remain available to the institution.

Senator Mathern asked whether they really needed an emergency clause, would it be better to have an effective date. The Legislative Council indicated the emergency clause enables access to the funds without interruption.

Chairman Holmberg closed the hearing on HB 1030.

Senator Robinson moved a do pass on HB 1030, Senator Grindberg seconded. There was no discussion and a roll call vote was taken resulting in 12 yes, 0 no, 2 absent. The motion carried and Senator Robinson will carry the bill.

Date:
Roll Call Vote #:

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1030

Senate Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken DP

Motion Made By Robinson Seconded By Grindberg

Senators	Yes	No	Senators	Yes	No
Chairman Ray Holmberg	✓		Senator Aaron Krauter	✓	
Vice Chairman Bill Bowman	✓		Senator Elroy N. Lindaas	✓	
Vice Chairman Tony Grindberg	✓		Senator Tim Mathern	✓	
Senator Randel Christmann	✓		Senator Larry J. Robinson	✓	
Senator Tom Fischer	✓		Senator Tom Seymour	✓	
Senator Ralph L. Kilzer	✓		Senator Harvey Tallackson	✓	
Senator Karen K. Krebsbach	✓				
Senator Rich Wardner	✓				

Total (Yes) No

Absent

Floor Assignment Robinson

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1030: Appropriations Committee (Sen. Holmberg, Chairman) recommends **DO PASS** (12 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). HB 1030 was placed on the Fourteenth order on the calendar.

2007 TESTIMONY

HB 1030

Handout #1

Testimony to House Appropriations Education and Environment Division on HB1030, 1031, and 1032

by Chancellor Eddie Dunn
North Dakota University System

Same testimony to Senate

January 16, 2007

Chairman Wald and members of the House Appropriations Education and Environment Division. For the record, I am Eddie Dunn, Chancellor of the North Dakota University System.

The University System appreciates the opportunity to appear before you today in support of HB 1030, 1031 and 1032. These three bills are part of the "flexibility with accountability legislation" and are very important to the colleges and universities. They continue the "flexibility with accountability legislation" for another two-year period through June 30, 2009. These measures were first implemented in the 2001 session, based on the recommendations of the Roundtable on Higher Education, and have been re-enacted each session since that time. As you heard this past week from all of the institutions that testified, this legislation has been extremely important and a major factor in the successes they are having regarding enhancing the economy and in academic achievements.

What Do These Bills Do?

HB1030: Under this bill, tuition revenues at NDUS campuses would be appropriated in the same way all other institutional funds such as grants and contracts, auxiliary revenues and private funds are appropriated for another two-year period, through June 30, 2009.

All income, including tuition revenues, would continue to be deposited with the Bank of North Dakota. All income would also continue to be disclosed as part of the biennial budget process as required on page 2, lines 1-4 of HB1030 as follows:

> *"Biennial estimates of revenue and expenditures of the other funds by source of funds must be presented at the same time biennial budget requests for appropriations from the special revenue fund and state general fund are prepared and submitted to the office of the budget."*

All NDUS income would also continue to be subject to an annual financial audit performed by the State Auditor's Office and would be disclosed, in detail, in the NDUS's and state's annual comprehensive financial statement (CAFR).

HB1031: This bill provides for appropriations in two line items for operations and capital assets; and for specific strategies or initiatives for another two-year period, through June 30, 2009.

The bill continues the current 2005-07 appropriation bill format of two line items-Operations and Capital Assets. Funds can either be appropriated by campus as was done in 2005-07, or, in a block grant to the SBHE for allocation to the campuses. That decision is still left to each legislature. The main purpose of the bill provides that appropriations will be made in two line items either to the campus or board. It also provides that appropriations be made for initiative funding. HB1003, section 12 permits the SBHE to transfer funds from operations to capital assets as needed; however, transfers from capital assets to operations is not permitted.

HB1032: Permits the carryover of unexpended funds from one biennium to the next. The bill requires the NDUS to report carryover amounts from one biennium to the next to the appropriations committee. Each campus provided this information, as it relates to carryover amounts from the 2003-05 biennium to the 2005-07 biennium, as part of their budget presentation.

Some of the benefits of these three bills are:

- Campuses that have growing enrollments are able to hire faculty and add class sections on a timely and responsive basis since tuition revenues are available immediately rather than waiting for lengthy approval processes.
- Campuses are better able to manage spending priorities and allocate resources to high priority needs, without burdensome approval processes.
- The campuses are using the carryover funds to leverage and attract more non-state revenue sources from federal grants and private partnerships.
- Campuses are better able to respond to donors and proceed with timely (and often less costly) construction.
- Campuses are leveraging these funds and developing many more private sector partnerships through entities such as research and technology parks.
- Campuses are better able to maximize their revenues and manage their enrollment targets.
- Significant staff time is being saved in development of biennial budgets, but comprehensive annual budgets are prepared.
- Permits campuses to plan and adjust expenditures between biennia to maximize resources and benefits.

Taken together, the increased flexibility provided by these three bills, is seen as a visible sign of support for campuses to be more entrepreneurial while also being accountable. I believe the evidence that will be provided to you by each college and university throughout this week will demonstrate the significant benefits that have resulted from this legislation over the past several years.

Thank you. I will be happy to answer any questions.

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