

MICROFILM DIVIDER

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



ROLL NUMBER

DESCRIPTION

2036

2005 SENATE APPROPRIATIONS

SB 2036


2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2036

Senate Appropriations Committee

Conference Committee

Hearing Date 01/24/05

Tape Number	Side A	Side B	Meter #
1		X	1,000
Committee Clerk Signature 			

Minutes: **Chairman Holmberg** called meeting on SB 2036 to order.

Roxanne Weste, Fiscal Analyst, Staff interim Higher Ed Committee appeared to give an overview of SB 2036. No written testimony was provided.

Robert Potts, Chancellor of ND University System appeared in support of SB 2036. Written testimony was supplied see appendix I. Questions were raised regarding why this appropriation was not in a line item in the ND University System budget.

No further questions were asked.

Chairman Holmberg closed meeting on SB 2036.


2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2036

Senate Appropriations Committee

Conference Committee

Hearing Date 01/25/05

Tape Number	Side A	Side B	Meter #
1	X		2,575
Committee Clerk Signature 			

Minutes: **Chairman Holmberg** opened hearing on SB 2036.

Motion was made by Sen. Thane, seconded by Sen. Kringstad. 14 yes votes were recorded, 0 no votes and 1 absent.

Chairman Holmberg closed meeting on SB 2036.

FISCAL NOTE
Requested by Legislative Council
 12/17/2004

Bill/Resolution No.: SB 2036

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

No fiscal impact.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Name:	Pam Sharp	Agency:	OMB
Phone Number:	328-4606	Date	12/21/2004
		Prepared:	

Date: 1/25/05
 Roll Call Vote #: 1

**2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. SB 2145**

Senate Senate Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number 2036

Action Taken Do Pass

Motion Made By Thane Seconded By Kringstad

Senators	Yes	No	Senators	Yes	No
Chairman Holmberg	✓		Sen. Tallackson	✓	
Vice Chairman Bowman	✓				
Vice Chairman Grindberg	✓				
Sen. Andrist	✓				
Senator Christmann	✓				
Senator Fischer	✓				
Sen. Kilzer	✓				
Sen. Kringstad	✓				
Sen. Schobinger	Ab st				
Sen. Thane	✓				
Sen. Krauter	✓				
Sen. Lindaas	✓				
Sen. Mathern	✓				
Sen. Robinson	✓				

Total (Yes) 14 No 0

Absent Schobinger 1

Floor Assignment Holmberg

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

REPORT OF STANDING COMMITTEE (410)
January 25, 2005 1:12 p.m.

Module No: SR-16-0990
Carrier: Holmberg
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2036: Appropriations Committee (Sen. Holmberg, Chairman) recommends DO PASS
(14 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2036 was placed on the
Eleventh order on the calendar.

2005 HOUSE APPROPRIATIONS

SB 2036



2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2036

Cancellation of Unexpected Appropriations for the North Dakota University System

House Appropriations Full Committee

Conference Committee

Hearing Date February 25, 2005

Tape Number	Side A	Side B	Meter #
1	X		#0 - #21.0
Committee Clerk Signature <i>Chris Alexander</i>			

Minutes:

Rep. Ken Svedjan, Chairman opened the discussion on SB2036 and clerk took the roll.

Ms Roxanne Woeste of legislative council explained that this bill was introduced by the interim higher education committee. This bill provides for the continuation of the higher education's authority to carry over unexpended appropriations into the next 2 years. This authority will expire on June 30, 2007.

Rep. Ken Svedjan, Chairman asked about line 15 where it mentions that the chairs of the Senate and House Appropriations committees. How will we monitor the continuation of authority.

Ms Woeste answered that this was statutory language.

Rep. Ken Svedjan, Chairman commented that this bill extends authority through June 30, 2007 so how will we know if it is carried over beyond that time. Who monitors this

Ms Woeste explained that this provision of law allows agencies to carry over money for the things listed on the bill beginning with line 20 on page #4, for an extended 2 years if the chairs of

appropriations and OMB approve this and monitor it. So OMB would know about this at the end of the biennium and will report this authority extension request.

Rep. Jeff Delzer asked when this first started

Ms Woeste answered that in the 2001 session they gave the authority for 2 years and then the 2003 session gave the authority for another 2 years.

Rep. Jeff Delzer asked if these were separate bills or were they all rolled into the roundtable bill

Ms Woeste answered that these were in separate bills in 2001 and 2003 but these were amended into the University System's appropriations bill, before they died on the floor.

Rep. Jeff Delzer asked how often this has been used and do we received reports on this

Ms Woeste explained that there are 2 sections of code here the first is effective through June 30, 2005 and this bill would change that to 2007 and then the second section is on the back page where it uses the old language. In section one on page 1, line 12 where it states that unexpended appropriations for the North Dakota University System are not subject to this section and must report on the amounts and the uses of funds carried over from one biennium to the next to the appropriations committees. Each of the institutions of the system did bring information regarding the carry over amounts and their uses.

Rep. Jeff Delzer asked if this new language meant that this is subject to any new expenditures rather than just the 4 sub items listed.

Ms Woeste answered yes that this now gives them authority to carry over any of their general fund dollars.

Rep. Jeff Delzer commented that this is a major difference from what it has been and would oppose this because of this new language.

Rep. Francis J. Wald commented that there is no new money being appropriated here

Ms Woeste explained that this is only for carry overs for moneys already appropriated (meter Tape #1, side A, #7.3)

Rep. Bob Martinson commented that there was no new language here. Originally there was no expiration date and then the roundtable put it in there so the assembly could look at this every two years. We have done this before and now we a just extending this for another 2 years.

Rep. Jeff Delzer mentioned that he would like to see the report on how much is carried over.

Rep. Ken Svedjan, Chairman commented that this report was brought to the Senate with the University System budget. He commented that what concerns him was how this is the responsibility of the appropriation chairs since they would have no way of knowing if any of this has been spent within the two years or beyond when the authority was granted.

Ms Woeste responded the 2 year requirement did not apply to the moneys carried over by the University System. The 2 year requirement deals with the 4 items listed on the bill.

Rep. Al Carlson commented that he has never seen this language in statute before where committee chairs have authority to extend appropriations

Rep. Ken Svedjan, Chairman commented that this is unusual and that he could not recall any reports that have been received on this

Ms Woeste commented that this question should be raised with OMB since they share in this responsibility for continuing authority.

Dr. Robert Potts Chancellor of the North Dakota University System, distributed written testimony (handout #35-1, attached) and explained that this was one of 3 bills that extend the accountability with flexibility legislation that was adopted in 2001. There have been requests and conversation about making this a permanent legislation because it is a very important part of allowing the University System to do what they need to do in a most efficient manner. This section that exempted the

University System is exactly as it was before and this extends this for 2 more years. The benefits of this bill to the University System were reviewed from the attached handouts. Each institution will account for these funds and will report to this committee.

Rep. Ken Svedjan, Chairman asked if these reports will included the carry over subject to line 15.

Dr. Potts answered no, that the University System carry overs are exempted from this section and their responsibility is to report the amounts and uses of he carry overs from one biennium to the next.

Rep. Eliot Glassheim commented that the way he reads this the first sentence allows the University System to carry over everything and the second sentence allows the appropriation chairs and OMB the authority to approve extensions for all agencies, not just the University System. (meter Tape #1, side A, #15.0)

Rep. Bob Skarphol agreed and explained that the first sentence is germain to all agencies and then exempts the University System and then it gives an exception to that in that any agency who does one of these 4 things listed can carry over with approval.

Rep. Ken Svedjan, Chairman asked council if this was the proper interpretation

Ms Woeste agreed that this was also her understanding

Rep. Bob Skarphol commented that we added a fifth section in this section of code to include IT projects earlier in this session.

Rep. Ken Svedjan, Chairman commented that this is confusing because the title of the bill focuses on higher education.

Dr. Potts commented that the only way to reenact this is to change the effective date and we would ask that your committee consider making this a permanent part of the Century Code so that the University System wouldn't have to continue to come and renew it every two years because it has been very successful.

Rep. Ken Svedjan, Chairman replied that he did not read section 2 regarding to this applying to other agencies, the same way.

Dr. Potts answered that this says the University System is not subject to this section.

Rep. Francis J. Wald moved a Do Pass on SB2036

Rep. Ralph Metcalf seconded

Rep. Jeff Delzer commented that he would oppose this bill because it is unclear what makes the University System exempt from this and not all the other agencies.

Rep. Ken Svedjan, Chairman asked that the subcommittee who hears this bill will need to make this information regarding carry overs available to the full committee.

Rep. Ken Svedjan, Chairman called for a roll call vote on the Do Pass motion on SB2036. Motion carried with a vote of 15 yeas, 6 nays, and 2 absences. Rep Wald will carry the bill to the house floor.

Rep. Ken Svedjan, Chairman closed the discussion on SB2036.

NOTE: (a copy of the report concerning the appropriation chairs and OMB's authority for agency carry overs was provided after this discussion to help explain the issues in this bill. A copy of that report is attached for the record.)

Date: February 25, 2005
 Roll Call Vote #: 1

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB2036

House Appropriations - Full Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS

Motion Made By Rep Wald Seconded By Rep Metcalf

Representatives	Yes	No	Representatives	Yes	No
Rep. Ken Svedjan, Chairman	X		Rep. Bob Skarphol		X
Rep. Mike Timm, Vice Chairman	X		Rep. David Monson	X	
Rep. Bob Martinson	X		Rep. Eliot Glassheim	X	
Rep. Tom Brusegaard	AB		Rep. Jeff Delzer		X
Rep. Earl Rennerfeldt	X		Rep. Chet Pollert		X
Rep. Francis J. Wald	X		Rep. Larry Bellew		X
Rep. Ole Aarsvold	X		Rep. Alon C. Wieland	X	
Rep. Pam Gulleson	X		Rep. James Kerzman	AB	
Rep. Ron Carlisle	X		Rep. Ralph Metcalf	X	
Rep. Keith Kempenich		X			
Rep. Blair Thoreson	X				
Rep. Joe Kroeber	X				
Rep. Clark Williams	X				
Rep. Al Carlson		X			

Total Yes 15 No 6

Absent 2

Floor Assignment Rep Wald

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

REPORT OF STANDING COMMITTEE (410)
March 8, 2005 12:25 p.m.

Module No: HR-42-4384
Carrier: Wald
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2036: Appropriations Committee (Rep. Svedjan, Chairman) recommends DO PASS
(15 YEAS, 6 NAYS, 2 ABSENT AND NOT VOTING). SB 2036 was placed on the
Fourteenth order on the calendar.

2005 TESTIMONY

SB 2036

North Dakota University System

TESTIMONY TO SENATE APPROPRIATION COMMITTEE

on SB 2036

Robert L. Potts, Chancellor

JANUARY 24, 2005

Mr. Chairman and Members of the Committee:

Hello, I am Robert Potts, Chancellor of the North Dakota University System. I appreciate the opportunity to appear before you today in support of SB 2036. This is one of the three bills, introduced by the Interim Higher Education Committee, to extend the flexibility with accountability legislation. As you know, the Senate has already acted favorably on the other two bills, SB2034 and 2035. Thank you for your support, these bills are very important to the North Dakota University System.

What Does This Bill Do?

SB2036 permits the carryover of unexpended funds from one biennium to the next, a provision which has been in place for several biennia. 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 2001-03 biennium to the 2003-05 biennium, as part of their budget presentation.

History

The Higher Education Roundtable adopted the following major theme as part of the Roundtable cornerstone on funding and rewards:

"In managing the resources available to them, the SBHE, Chancellor and Presidents should have flexibility with accountability. The rules and regulations governing use and management of resources should:

- a. Delegate responsibility and authority for use of resources to the NDUS in exchange for adherence to agreed-upon procedures for demonstrating accountability;*
- b. Encourage institutions to act entrepreneurially in pursuit of resources from private sector and sources outside the state;*
- c. Reward collaboration between and among institutions where appropriate;*
- d. Extend rewards to units and employees on campuses, which demonstrate exemplary performance consistent with these principles. "*

In keeping with this theme, the Roundtable made the following specific recommendations:

“Executive and Legislative branches:

- a. *Remove all income, including tuition, which is in addition to the state general fund appropriation, from the specific appropriation process;*
- b. *Modify processes to provide the campuses budgetary flexibility by:*
 - *removing restrictions on the use of carryover funds from one biennial period to the next.*
 - *allowing the campuses to determine the renewal and replacement projects to be funded on the individual campuses within their own institutional resources.*
 - *eliminating restrictions on pay practices.*
 - *providing maximum spending flexibility within base funding appropriations.*
- c. *Continue to approve the construction of new facilities and the major renovation of existing facilities.”*

What Are the Benefits of this Legislation?

The three bills taken together, have proven to provide significant benefit:

- 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.
- Campuses are attracting more non-state revenue sources from federal grants and private partnerships.
- The SBHE is focusing more of its efforts and resources on high-priority state or system needs and long-term direction.
- Campuses are better able to respond to donors and proceed with timely (and often less costly) construction.
- Campuses are 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 budgets.

This increased flexibility is seen as a visible sign of building a trusting relationship and also a sign of support for campuses to be more entrepreneurial.

The State Board of Higher Education and every campus president appreciates your past support of this important legislation. It has been exciting to watch the significant progress in moving ahead the Roundtable vision and corresponding recommendations by all of the partners involved. This significant progress has resulted in national attention and recognition for North Dakota. There is an excitement, energy and new way of thinking at the campus level which has created an economic benefit for the state and better access for its citizens. Much of this progress can be credited to the increased flexibility you have provided the campuses.

We respectfully request you enact this measure and make it a permanent part of the ND Century Code. If you do not wish to do so, we request an extension of this measure for another two years. SB2003, which is before your committee, also includes this same provision. In fact, it includes all flexibility with accountability measures: continuing appropriation for tuition revenues, block-grant appropriations for operations and capital assets, carryover provision, and required accountability measures. As drafted in SB2003, the first three measures would become a permanent part of the century code, if enacted. We support that approach.

I believe the NDUS has consistently demonstrated over the past four years, since this flexibility legislation was originally enacted, that the System has been a good steward of the state's resources and has used the expanded flexibility to serve students and assist the state in growing its economy.

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

House App. Subcommittee

Paradise 7/5/1
2005-05
DR. Robert Potts

North Dakota University System

TESTIMONY TO HOUSE APPROPRIATION COMMITTEE on SB 2036

Robert L. Potts, Chancellor

FEBRUARY 25, 2005

Mr. Chairman and Members of the Committee:

Hello, I am Robert Potts, Chancellor of the North Dakota University System. I appreciate the opportunity to appear before you today in support of SB 2036. This is one of the three bills, introduced by the Interim Higher Education Committee, to extend the flexibility with accountability legislation. The other two bills, SB2034 and SB2035 have received unanimous Do Pass recommendations from the House Education Committee and passed on the House floor February 23.

SB2036 permits the carryover of unexpended funds from one biennium to the next, a provision which has been in place for several biennia. The bill requires the NDUS to report carryover amounts from one biennium to the next to the appropriations committee. Each campus will provide this information, as it relates to carryover amounts from the 2001-03 biennium to the 2003-05 biennium, as part of their budget presentations.

The three bills taken together, have proven to provide significant benefit, including the following:

- 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.
- Campuses are attracting more non-state revenue sources from federal grants and private partnerships.
- The SBHE is focusing more of its efforts and resources on high-priority state or system needs and long-term direction.
- Campuses are better able to respond to donors and proceed with timely (and often less costly) construction.

- Campuses are 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 budgets.

The State Board of Higher Education and every campus president appreciates your past support of this important legislation. It has been exciting to watch the significant progress in moving ahead the Roundtable vision and corresponding recommendations by all of the partners involved. Much of this progress can be credited to the increased flexibility you have provided the campuses.

We respectfully request you enact this measure and make it a permanent part of the ND Century Code, or at a minimum, extend it for two more years. I believe the NDUS has consistently demonstrated over the past four years, since this flexibility legislation was originally enacted, that the System has been a good steward of the state's resources and has used the expanded flexibility to serve students and assist the state in growing its economy.

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

SB2036

8/13/2003

2001-2003 construction carryover.xls

2001-2003 Capital Construction Carryover to 2003-2005 Biennium

Dept. #	Department	General Funds	Federal Funds	Special Funds	Total All Funds
301	Health Department			2,693,464.00	2,693,464.00
530	Department of Corrections	56,213.00	154,499.00	30,344.82	241,056.82
540	Adjutant General		185,000.00		185,000.00
701	Historical Society	38,536.00			38,536.00
720	Game & Fish		125,000.00	357,000.00	482,000.00
750	Parks & Recreation	369,950.00			369,950.00
801	Department of Transportation			7,977,241.00	7,977,241.00
Total		<u>\$464,699.00</u>	<u>\$464,499.00</u>	<u>\$11,058,049.82</u>	<u>\$11,987,247.82</u>

Approved By:

Rep. Ken Sueder
House Appropriations Chairman

8/21/03
Date

Sen. Roy Holub
Senate Appropriations Chairman

8/21/03
Date

2001 - 2003 Capital Construction Carryover - Detail

			Total
301 Health Department			
State Lab Construction			2,693,464.00
530 Department of Corrections			
State Penitentiary			
JRCC Capital Projects	154,499.00		
Security System CPU Replacement	50,343.00	204,842.00	
Youth Correctional Center			
Fire Suppression Project - Maple Cottage	30,344.82		
Door Replacement Project - Hickory Cottage	5,870.00	36,214.82	241,056.82
540 Adjutant General			
Wahpeton Armed Forces Reserve Center			185,000.00
701 State Historical Society			
Gingras Trading Post	24,441.00		
Fort Buford Field Officer's Quarters	14,095.00		38,536.00
720 Game & Fish			
Williston Office Addition	25,000.00		
Fisheries Development Projects	182,000.00		
Bismarck Shop Replacement	275,000.00		482,000.00
750 Parks & Recreation			
Capital Improvement Line Item Carryover			
Lewis & Clark Marina Dredge	135,000.00		
Fort Ransom Sunne House Renovation	37,200.00		
Fort Lincoln Toilet replacement (2 unisex)	16,500.00		
Sully Creek Trailhead Development	5,000.00		
Fort Ransom Canoe Dock Replacement	4,000.00		
Fort Ransom Road Graveling	1,000.00		
Lake Metigoshe Ranger Residence Rehab	2,000.00		
Lake Metigoshe Boat Ramp Repair	5,000.00		
Lake Metigoshe Kitchen Exterior Siding Repair	8,000.00		
Lake Metigoshe Residence Bathroom/Windows	7,600.00		
Lake Sakakawea Beach Vault Toilet	14,500.00		
Lewis & Clark Manager Residence Windows/Siding	18,500.00		
Cross Ranch Centennial Cabin Roof Repair	9,000.00		
Cross Ranch ADA Festival Area Sidewalk	2,500.00		
Little Missouri Corral Repair	8,450.00	274,250.00	
Lewis & Clark Bicentennial Line Item Carryover			
Fort Lincoln Comfort Station	22,700.00		
Fort Stevenson Amphitheater	6,500.00		
Cross Ranch Interpretive Center	66,500.00	95,700.00	369,950.00
801 Department of Transportation			
Bituminous Overlay and Riprap Repair Projects (24 projects statewide)	7,171,988.00		
Section Building Projects:			
Linton	9,000.00		
Jamestown	249,092.00		
Rolla	7,050.00		
Richardton	2,444.00		
Finley	3,671.00		
Hillsboro	3,927.00		
Casselton	92,618.00		
Wahpeton	91,629.00		
Grand Forks - Equipment Storage	338,822.00		
Buxton Bridge	7,000.00		7,977,241.00
Total Capital Construction Carryover Requests			\$11,987,247.82

2001-03 Capital Construction Carryover - Explanations

<u>Agency</u>	<u>Reason Not Completed During 2001-03</u>
301 Health Department State Lab construction	The project was not completed during 2001-03 primarily due to a delay in starting the project. The project start was delayed due to a lengthy evaluation of design options and the determination that additional space was needed. As a result, the department secured additional grant funds and received Budget Section approval to expand the scope of the project.
530 Department of Corrections NDSP security system CPU replacement	Repairs were delayed to allow completion of a study of the perimeter security system and to combine remaining 2001-03 funding with the 2003-05 appropriation.
JRCC control panel	Control room improvements were postponed until after the 2003 legislative session because legislative decisions regarding the JRCC affected the need for improvements. Due to the delay in starting the projects, they were not completed prior to the June 30 close of the biennium.
YCC door replacement	The contractor was unable to complete the project by the end of the biennium. The project was bid on April 22, 2003.
YCC fire suppression	Due to the need to upgrade water service in order to complete the fire suppression project, the 2001-03 appropriation was not adequate to complete the project. The carryover funding will be combined with the 2003-05 appropriation to complete the project.
540 Adjutant General Wahpeton Armed Forces Reserve Center	The agency was unable to make final payment to the general contractor on the Wahpeton AFRC because exterior work was not completed. Unfinished exterior work is a result of the wet spring in the Wahpeton area. Final payment is anticipated to be made in early fall 2003.
701 State Historical Society Gingras trading post	These are emergency repairs to the building which did not become apparent until near the end of the 2001-03 biennium.
Fort Buford officers quarters	The entire officers quarters project was delayed due to difficulties encountered with the contractor used to move the structure off the foundation. Additionally, there was difficulty finding a painting contractor due to the mitigation requirements relating to lead-based paint. The unfinished work, which will be completed with the carryover funds, is the exterior painting of the structure.