

Introduced by

Appropriations Committee

(At the request of the Governor)

1 A BILL for an Act to provide an appropriation for defraying the expenses of the North Dakota
2 university system; to authorize the state board of higher education to issue and sell bonds for
3 capital projects; to provide statements of legislative intent; to amend and reenact sections
4 15-10-12, 54-44.1-04, 54-44.1-06, and 54-44.1-11 of the North Dakota Century Code, relating
5 to higher education institutions' special revenue funds, budget requests and block grant
6 appropriations, and unexpended appropriations; and to declare an emergency.

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

8 **SECTION 1. BASE LEVEL FUNDING INFORMATION.** The amounts identified in this
9 section represent the base level funding component appropriated to the North Dakota university
10 system office and to the various entities and institutions under the supervision of the board of
11 higher education listed in section 3 of this Act as follows:

12 Subdivision 1.

13 NORTH DAKOTA UNIVERSITY SYSTEM OFFICE	
14 Capital assets	\$12,790,689
15 Competitive research	4,750,000
16 Centers for excellence	1,550,000
17 Board initiatives	485,306
18 System governance	4,472,850
19 Title II	695,600
20 Technology pool	25,089,639
21 Operations pool	578,417
22 Contingency and capital emergency	1,752,767
23 Professional liability insurance	1,850,000
24 Student financial assistance grants	2,930,215

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1	Less estimated income - Base level	<u>53,300,000</u>
2	Total general fund - Base level	\$86,920,262
3	Subdivision 6.	
4	NORTH DAKOTA STATE UNIVERSITY	
5	Operations	\$67,576,959
6	Capital assets	<u>27,737,531</u>
7	Total all funds - Base level	\$95,314,490
8	Less estimated income - Base level	<u>26,000,000</u>
9	Total general fund - Base level	\$69,314,490
10	Subdivision 7.	
11	NORTH DAKOTA STATE COLLEGE OF SCIENCE	
12	Operations	\$23,936,824
13	Capital assets	<u>4,442,420</u>
14	Total all funds - Base level	\$28,379,244
15	Less estimated income - Base level	<u>3,668,920</u>
16	Total general fund - Base level	\$24,710,324
17	Subdivision 8.	
18	DICKINSON STATE UNIVERSITY	
19	Operations	\$13,598,831
20	Capital assets	<u>11,276,009</u>
21	Total all funds - Base level	\$24,874,840
22	Less estimated income - Base level	<u>10,882,047</u>
23	Total general fund - Base level	\$13,992,793
24	Subdivision 9.	
25	MAYVILLE STATE UNIVERSITY	
26	Operations	\$8,602,335
27	Capital assets	<u>5,769,589</u>
28	Total all funds - Base level	\$14,371,924
29	Less estimated income - Base level	<u>5,505,000</u>
30	Total general fund - Base level	\$8,866,924
31	Subdivision 10.	

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1	MINOT STATE UNIVERSITY	
2	Operations	\$25,769,578
3	Capital assets	<u>612,850</u>
4	Total general fund - Base level	\$26,382,428
5	Subdivision 11.	
6	VALLEY CITY STATE UNIVERSITY	
7	Operations	\$11,304,672
8	Capital assets	<u>4,350,634</u>
9	Total all funds - Base level	\$15,655,306
10	Less estimated income - Base level	<u>4,085,300</u>
11	Total general fund - Base level	\$11,570,006
12	Subdivision 12.	
13	MINOT STATE UNIVERSITY - BOTTINEAU	
14	Operations	\$4,102,856
15	Capital assets	<u>209,663</u>
16	Total general fund - Base level	\$4,312,519
17	Subdivision 13.	
18	UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH SCIENCES	
19	Operations	<u>\$30,165,865</u>
20	Total general fund - Base level	\$30,165,865
21	Subdivision 14.	
22	NORTH DAKOTA FOREST SERVICE	
23	Operations	\$2,715,016
24	Capital assets	<u>146,061</u>
25	Total all funds - Base level	\$2,861,077
26	Less estimated income - Base level	<u>1,090,001</u>
27	General fund - Base level	\$1,771,076
28	Total general fund - Section 1	\$361,541,418
29	Total estimated income - Section 1	\$110,546,775
30	Total all funds - Section 1	\$472,088,193

1 **SECTION 2. FUNDING ADJUSTMENTS OR ENHANCEMENTS INFORMATION.** The
2 amounts identified in this section represent the funding adjustments or enhancements to the
3 base funding level for the North Dakota university system office and to the various entities and
4 institutions under the supervision of the board of higher education which are included in the
5 appropriation in section 3 of this Act as follows:

6 Subdivision 1.

7 **NORTH DAKOTA UNIVERSITY SYSTEM OFFICE AND INSTITUTIONS**

8	Campus operations	\$319,927,548
9	Capital assets	1,487,452
10	Competitive research program	440,000
11	Centers for excellence	(1,550,000)
12	Board initiatives	430,634
13	System governance	1,047,862
14	Common information services	(3,165,556)
15	Contingency, extraordinary repairs, and capital emergency	5,361,572
16	Professional liability insurance	(500,000)
17	Student financial assistance grants	3,446,073
18	Professional student exchange program	35,480
19	Scholars program	45,709
20	Native American scholarships	47,902
21	Education incentive programs	<u>397,902</u>
22	Total all funds - Adjustments/enhancements	\$327,452,578
23	Less estimated income - Adjustments/enhancements	<u>(1,518,231)</u>
24	Total general fund - Adjustments/enhancements	\$328,970,809

25 Subdivision 2.

26 **BISMARCK STATE COLLEGE**

27	Operations	(\$16,112,327)
28	Capital assets	<u>(1,532,200)</u>
29	Total all funds - Adjustments/enhancements	(\$17,644,527)
30	Less estimated income - Adjustments/enhancements	<u>(1,282,200)</u>
31	Total general fund - Adjustments/enhancements	(\$16,362,327)

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1 Subdivision 3.

2 LAKE REGION STATE COLLEGE

3 Operations	(\$5,032,682)
4 Capital assets	<u>(75,956)</u>
5 Total all funds - Adjustments/enhancements	(\$5,108,638)
6 Less estimated income - Adjustments/enhancements	<u>(375,000)</u>
7 Total general fund - Adjustments/enhancements	(\$4,733,638)

8 Subdivision 4.

9 WILLISTON STATE COLLEGE

10 Operations	(\$5,387,371)
11 Capital assets	<u>6,821,210</u>
12 Total all funds - Adjustments/enhancements	\$1,433,839
13 Less estimated income - Adjustments/enhancements	<u>6,910,000</u>
14 Total general fund - Adjustments/enhancements	(\$5,476,161)

15 Subdivision 5.

16 UNIVERSITY OF NORTH DAKOTA

17 Operations	(\$84,558,126)
18 Capital assets	<u>(30,830,582)</u>
19 Total all funds - Adjustments/enhancements	(\$115,388,708)
20 Less estimated income - Adjustments/enhancements	<u>(28,468,446)</u>
21 Total general fund - Adjustments/enhancements	(\$86,920,262)

22 Subdivision 6.

23 NORTH DAKOTA STATE UNIVERSITY

24 Operations	(\$67,576,959)
25 Capital assets	<u>(27,737,531)</u>
26 Total all funds - Adjustments/enhancements	(\$95,314,490)
27 Less estimated income - Adjustments/enhancements	<u>(26,000,000)</u>
28 Total general fund - Adjustments/enhancements	(\$69,314,490)

29 Subdivision 7.

30 NORTH DAKOTA STATE COLLEGE OF SCIENCE

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1	Operations	(\$23,936,824)
2	Capital assets	<u>(4,073,500)</u>
3	Total all funds - Adjustments/enhancements	(\$28,010,324)
4	Less estimated income - Adjustments/enhancements	<u>(3,300,000)</u>
5	Total general fund - Adjustments/enhancements	(\$24,710,324)
6	Subdivision 8.	
7	DICKINSON STATE UNIVERSITY	
8	Operations	(\$13,598,831)
9	Capital assets	<u>(6,276,009)</u>
10	Total all funds - Adjustments/enhancements	(\$19,874,840)
11	Less estimated income - Adjustments/enhancements	<u>(5,882,047)</u>
12	Total general fund - Adjustments/enhancements	(\$13,992,793)
13	Subdivision 9.	
14	MAYVILLE STATE UNIVERSITY	
15	Operations	(\$8,602,335)
16	Capital assets	<u>(4,269,589)</u>
17	Total all funds - Adjustments/enhancements	(\$12,871,924)
18	Less estimated income - Adjustments/enhancements	<u>(4,005,000)</u>
19	Total general fund - Adjustments/enhancements	(\$8,866,924)
20	Subdivision 10.	
21	MINOT STATE UNIVERSITY	
22	Operations	(\$25,769,578)
23	Capital assets	<u>2,922,150</u>
24	Total all funds - Adjustments/enhancements	(\$22,847,428)
25	Less estimated income - Adjustments/enhancements	<u>3,535,000</u>
26	Total general fund - Adjustments/enhancements	(\$26,382,428)
27	Subdivision 11.	
28	VALLEY CITY STATE UNIVERSITY	
29	Operations	(\$11,304,672)
30	Capital assets	<u>(4,068,634)</u>
31	Total all funds - Adjustments/enhancements	(\$15,373,306)

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1	Less estimated income - Adjustments/enhancements	(4,053,300)
2	Total general fund - Adjustments/enhancements	(\$11,320,006)
3	Subdivision 12.	
4	MINOT STATE UNIVERSITY - BOTTINEAU	
5	Operations	(\$4,102,856)
6	Capital assets	(209,663)
7	Total general fund - Adjustments/enhancements	(\$4,312,519)
8	Subdivision 13.	
9	UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH SCIENCES	
10	Operations	(\$30,165,865)
11	Total general fund - Adjustments/enhancements	(\$30,165,865)
12	Subdivision 14.	
13	NORTH DAKOTA FOREST SERVICE	
14	Capital assets	(\$44,423)
15	Operations	213,000
16	Total all funds - Adjustments/enhancements	\$168,577
17	Less estimated income - Adjustments/enhancements	(115,000)
18	Total general fund - Adjustments/enhancements	\$283,577
19	Total general fund - Section 2	\$26,696,649
20	Total estimated income - Section 2	\$745,776
21	Total all funds - Section 2	\$27,442,425

22 **SECTION 3. APPROPRIATION.** The funds provided in this section, or so much of the
23 funds as may be necessary, are appropriated out of any moneys in the general fund in the state
24 treasury, not otherwise appropriated, and from special funds derived from federal funds and
25 other income, to the North Dakota university system office and the various entities and
26 institutions under the supervision of the board of higher education for the purpose of defraying
27 the expenses of those entities and institutions, for the biennium beginning July 1, 2005, and
28 ending June 30, 2007, as follows:

29 Subdivision 1.

30 NORTH DAKOTA UNIVERSITY SYSTEM OFFICE AND INSTITUTIONS

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1	Campus operations	\$319,927,548
2	Capital assets	14,278,141
3	Competitive research program	5,190,000
4	Board initiatives	915,940
5	System governance	5,520,712
6	Title II	695,600
7	Common information services	21,924,083
8	Operations pool	578,417
9	Contingency, extraordinary repairs, and capital emergency	7,114,339
10	Professional liability insurance	1,350,000
11	Student financial assistance grants	6,376,288
12	Professional student exchange program	1,713,780
13	Scholars program	862,077
14	Native American scholarships	251,988
15	Education incentive programs	<u>1,227,902</u>
16	Total all funds	\$387,926,815
17	Less estimated income	<u>2,337,276</u>
18	Total general fund appropriation	\$385,589,539
19	Subdivision 2.	
20	BISMARCK STATE COLLEGE	
21	Capital assets	<u>\$502,800</u>
22	Total special funds appropriation	\$502,800
23	Subdivision 3.	
24	LAKE REGION STATE COLLEGE	
25	Capital assets	<u>\$343,875</u>
26	Total general fund appropriation	\$343,875
27	Subdivision 4.	
28	WILLISTON STATE COLLEGE	
29	Capital assets	<u>\$6,910,000</u>
30	Total special funds appropriation	\$6,910,000
31	Subdivision 5.	

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1	UNIVERSITY OF NORTH DAKOTA	
2	Capital assets	<u>\$24,831,554</u>
3	Total special funds appropriation	\$24,831,554
4	Subdivision 6.	
5	NORTH DAKOTA STATE COLLEGE OF SCIENCE	
6	Capital assets	<u>\$368,920</u>
7	Total special funds appropriation	\$368,920
8	Subdivision 7.	
9	DICKINSON STATE UNIVERSITY	
10	Capital assets	<u>\$5,000,000</u>
11	Total special funds appropriation	\$5,000,000
12	Subdivision 8.	
13	MAYVILLE STATE UNIVERSITY	
14	Capital assets	<u>\$1,500,000</u>
15	Total special funds appropriation	\$1,500,000
16	Subdivision 9.	
17	MINOT STATE UNIVERSITY	
18	Capital assets	<u>\$3,535,000</u>
19	Total special funds appropriation	\$3,535,000
20	Subdivision 10.	
21	VALLEY CITY STATE UNIVERSITY	
22	Capital assets	\$282,000
23	Less estimated income	<u>32,000</u>
24	Total general fund appropriation	\$250,000
25	Subdivision 11.	
26	NORTH DAKOTA FOREST SERVICE	
27	Capital assets	\$101,638
28	Operations	<u>2,928,016</u>
29	Total all funds	\$3,029,654
30	Less estimated income	<u>975,001</u>
31	Total general fund appropriation	\$2,054,653

1	Grand total general fund appropriation - Section 3	\$388,238,067
2	Grand total estimated income appropriation - Section 3	\$111,292,551
3	Grand total all funds appropriation - Section 3	\$499,530,618

4 **SECTION 4. BOARD INITIATIVES.** The sum of \$915,940, or so much of the sum as
5 may be necessary, included in the board initiatives line item in subdivision 1 of section 3 of this
6 Act, must be used to support university system and statewide goals linked to the state board of
7 higher education strategic plan and the higher education roundtable report, as determined by
8 the board.

9 **SECTION 5. CAPITAL ASSETS.** The sum of \$14,278,141, or so much of the sum as
10 may be necessary, included in the capital assets line item in subdivision 1 of section 3 of this
11 Act, must be used by the state board of higher education, to satisfy outstanding bond
12 obligations.

13 **SECTION 6. CAMPUS OPERATIONS.** The sum of \$319,927,548, or so much of the
14 sum as may be necessary, included in the campus operations line item in subdivision 1 of
15 section 3 of this Act, must be used to support current base campus operations, campus parity
16 costs, and begin to address peer institution equity differentials, to the extent possible, as
17 determined by the state board of higher education. No less than \$300,848,627 of the sum must
18 be allocated to support base campus operations, with the additional funds being available for
19 parity and equity. Parity is defined as the funds needed to continue current programs and
20 services, including salaries, benefits, and inflationary cost increases. Equity is defined as the
21 funds needed to move each campus closer to the benchmark or average funding level of its
22 national peer institutions, which are defined by criteria such as enrollment size and mix,
23 program mix, degree types, and research expenditures.

24 **SECTION 7. OPERATIONS POOL.** The sum of \$578,417, or so much of the sum as
25 may be necessary, included in the operations pool line item in subdivision 1 of section 3 of this
26 Act, is to be allocated for system priorities as determined by the state board of higher
27 education.

28 **SECTION 8. COMMON INFORMATION SERVICES.** The sum of \$21,924,083, or so
29 much of the sum as may be necessary, included in the common information services line item
30 in subdivision 1 of section 3 of this Act, must be used for the benefit of the institutions and
31 entities under the control of the state board of higher education, as determined by the board.

1 Funding allocations are to be made based on the North Dakota university system information
2 technology plan and technology priorities. Funds allocated pursuant to this section must be
3 used to support the higher education computer network, the interactive video network, the
4 on-line Dakota information network, and other related technology initiatives as determined by
5 the board.

6 **SECTION 9. CONTINGENCY, EXTRAORDINARY REPAIRS, AND CAPITAL**

7 **EMERGENCY.** The sum of \$7,114,339, or so much of the sum as may be necessary, included
8 in the contingency, extraordinary repairs, and capital emergency line item in subdivision 1 of
9 section 3 of this Act, must be used for ongoing campus extraordinary repairs and to meet
10 unforeseen operations or capital asset needs and opportunities, as determined by the state
11 board of higher education. No less than \$6,677,417 of the sum must be allocated to support
12 ongoing extraordinary repairs of the campuses.

13 **SECTION 10. CHILD CARE GRANT PROGRAM.** The sum of \$2,000,000, or so much
14 of the sum as may be necessary, included in the student financial assistance grants in
15 subdivision 1 of section 3 of this Act, must be used for child care grants as determined by the
16 state board of higher education, in consultation with the department of human services.

17 **SECTION 11. EDUCATION INCENTIVE PROGRAMS.** The funding appropriated for
18 education incentive programs in subdivision 1 of section 3 of this Act, may be allocated to
19 education incentive programs as determined by the state board of higher education, including
20 the reduction or elimination of specific programs, and the state board of higher education may
21 determine the appropriate number of years of program eligibility for each education incentive
22 program.

23 **SECTION 12. FEDERAL, PRIVATE, AND OTHER FUNDS - APPROPRIATION.** All
24 funds, in addition to those appropriated in section 3 of this Act, from federal, private, and other
25 sources, received by the institutions and entities under the control of the state board of higher
26 education are appropriated to those institutions and entities, for the biennium beginning July 1,
27 2005, and ending June 30, 2007. All additional funds received under the North
28 Dakota-Minnesota reciprocity agreement during the biennium beginning July 1, 2005, and
29 ending June 30, 2007, are appropriated to the state board of higher education for
30 reimbursement to institutions under the control of the board and for student financial assistance
31 grants.

1 **SECTION 13. TRANSFER AUTHORITY.** If, during the biennium beginning July 1,
2 2005, and ending June 30, 2007, the state board of higher education determines that funds
3 allocated to campus operations in section 3 of this Act are needed for capital projects or
4 extraordinary repairs, the board may transfer funds from operations to capital assets. The
5 board shall report any transfer of funds under this section to the office of management and
6 budget.

7 **SECTION 14. FULL-TIME EQUIVALENT POSITION ADJUSTMENTS.** The state
8 board of higher education is authorized to adjust full-time equivalent positions as needed,
9 subject to the availability of funds, for institutions and entities under its control. The university
10 system shall report any adjustments to the office of management and budget before the
11 submission of the 2007-09 biennium budget request.

12 **SECTION 15. BOND ISSUANCE AUTHORIZATION - PURPOSES -**
13 **APPROPRIATION.** The state board of higher education, in accordance with chapter 15-55,
14 may arrange for the funding of the projects authorized in this section, declared to be in the
15 public interest, through the issuance of self-liquidating, tax-exempt evidences of indebtedness
16 under chapter 15-55, beginning with the effective date of this Act and ending June 30, 2007.
17 Evidences of indebtedness issued pursuant to this section are not a general obligation of the
18 state of North Dakota. Any unexpended balance resulting from the proceeds of the evidences
19 of indebtedness must be placed in a sinking fund to be used for the retirement of the
20 indebtedness. The evidences of indebtedness may be issued and the proceeds are
21 appropriated, for the biennium beginning July 1, 2005, and ending June 30, 2007, for the
22 purpose of financing the following capital projects:

23 Bismarck state college - Residence hall	\$1,800,000
24 University of North Dakota - Dining center renovation	1,500,000
25 University of North Dakota - Parking ramp structure	12,000,000
26 University of North Dakota - University housing replacement	16,000,000
27 North Dakota state university - Wellness center addition	12,000,000
28 North Dakota state university - Memorial union renovation and addition	<u>22,000,000</u>
29 Total special funds appropriation	\$65,300,000

30 **SECTION 16. NORTH DAKOTA STATE UNIVERSITY - COLLEGE OF BUSINESS**
31 **BUILDING.** The state board of higher education may enter into an agreement or agreements

1 with the North Dakota state university foundation or other private entity and do all things
2 necessary and proper to authorize construction by the foundation of a college of business
3 building on the North Dakota state university campus, using donations, gifts, or other private
4 funds.

5 **SECTION 17. NORTH DAKOTA STATE UNIVERSITY SPECIAL ASSESSMENT**

6 **DISTRICT.** The state board of higher education may authorize North Dakota state university to
7 request of the city of Fargo creation of a \$1,025,000 special improvement district to finance
8 necessary repairs and improvements to seventeenth avenue located on the North Dakota state
9 university campus.

10 **SECTION 18. LEGISLATIVE INTENT - HIGHER EDUCATION ACCOUNTABILITY**

11 **MEASURES.** It is the intent of the legislative assembly that the board of higher education's
12 performance and accountability report as required by section 15-10-14.2 include an executive
13 summary and information regarding:

- 14 1. Education excellence, including:
 - 15 a. Student performance on nationally recognized exams in their major fields
 - 16 compared to the national averages.
 - 17 b. First-time licensure pass rates compared to other states.
 - 18 c. Alumni-reported and student-reported satisfaction with preparation in selected
 - 19 major, acquisition of specific skills, and technology knowledge and abilities.
 - 20 d. Employer-reported satisfaction with preparation of recently hired graduates.
 - 21 e. Biennial report on employee satisfaction relating to the university system and
 - 22 local institutions.
 - 23 f. Student graduation and retention rates.
- 24 2. Economic development, including:
 - 25 a. Enrollment in entrepreneurship courses and the number of graduates of
 - 26 entrepreneurship programs.
 - 27 b. Percentage of university system graduates obtaining employment appropriate
 - 28 to their education in the state.
 - 29 c. Number of businesses and employees in the region receiving training.
- 30 3. Student access, including number and proportion of enrollments in courses offered
31 by nontraditional methods.

- 1 4. Student affordability, including:
 - 2 a. Tuition and fees on a per student basis compared to the regional average.
 - 3 b. Tuition and fees as a percentage of median North Dakota household income.
 - 4 c. Cost per student in terms of general fund appropriations and total university
5 system funding.
 - 6 d. Per capita general fund appropriations for higher education.
 - 7 e. State general fund appropriation levels for university system institutions
8 compared to peer institutions general fund appropriation levels.
- 9 5. Financial operations, including:
 - 10 a. Cost per student and percentage distribution by major function.
 - 11 b. Ratio measuring the funding derived from operating and contributed income
12 compared to total university system funding.
 - 13 c. Ratio measuring the amount of expendable net assets as compared to the
14 amount of long-term debt.
 - 15 d. Research expenditures in proportion to the amount of revenue generated by
16 research activity and funding received for research activity.
 - 17 e. Ratio measuring the amount of expendable fund balances divided by total
18 expenditures and mandatory transfers.
 - 19 f. Ratio measuring net total revenues divided by total current revenues.

20 **SECTION 19. AMENDMENT.** Section 15-10-12 of the North Dakota Century Code is
21 amended and reenacted as follows:

22 **15-10-12. (~~Effective through June 30, 2005~~) Board may accept gifts and**
23 **bequests - Deposit and appropriation of institutional funds.** Subject to the limitations of
24 section 15-10-12.1, the state board of higher education may receive donations, gifts, grants,
25 and bequests offered or tendered to or for the benefit of any institution of higher education
26 under its control or subject to its administration, and all moneys coming into the hands of the
27 board as donations, gifts, grants, and bequests must be used for the specific purpose for which
28 they are donated or given. A special revenue fund, for each institution of higher education
29 under the control of the board or subject to its administration, must be maintained within the
30 state treasury. All rent, interest, or income from land, money, or property, donated or granted
31 by the United States and allocated to specific institutions of higher learning under the terms of

1 the Enabling Act and the Constitution of North Dakota must be deposited in the special revenue
2 fund of each institution and expended in accordance with section 1 of article IX of the
3 Constitution of North Dakota. All other funds, unless restricted by the terms of a grant,
4 donation, or bequest, received by the institutions from federal, state, and local grants and
5 contracts, indirect cost recoveries, tuition, special student fees, room and board fees and other
6 auxiliary enterprise fees, student activity fees, continuing education program fees, internal
7 service fund revenues, and all other revenues must be deposited in the institution special
8 revenue funds. The state treasurer shall immediately transfer the funds deposited in the special
9 revenue funds to institution accounts in the Bank of North Dakota. Biennial estimates of
10 revenue and expenditures of the other funds by source of funds must be presented at the same
11 time biennial budget requests for appropriations from the special revenue fund and state
12 general fund are prepared and submitted to the office of the budget. Payments from each
13 institution's general fund appropriation must be made in amounts as may be necessary for the
14 operation and maintenance of each institution. The funds in the institution accounts are
15 appropriated on a continuing basis to the state board of higher education. All such
16 appropriations are subject to proration in the same manner as other appropriations are prorated
17 if insufficient funds are available to meet expenditures from the general fund. Sinking funds for
18 the payment of interest and principal of institutional revenue bonds must be deposited pursuant
19 to section 15-55-06.

20 ~~(Effective after June 30, 2005) Board may accept gifts and bequests — Deposit of~~
21 ~~funds. The state board of higher education may, subject to the limitations of section~~
22 ~~15-10-12.1, receive donations, gifts, grants, and bequests offered or tendered to or for the~~
23 ~~benefit of any institution of higher education under its control or subject to its administration,~~
24 ~~and all moneys coming into the hands of the board as donations, gifts, grants, and bequests~~
25 ~~must be used for the specific purpose for which they are donated or given. A special revenue~~
26 ~~fund, for each institution of higher education under the control of the board or subject to its~~
27 ~~administration, must be maintained within the state treasury and all institutional income from~~
28 ~~tuition collections must be placed in the special fund for the use of the institution for which the~~
29 ~~money was raised. All rent, interest, or income from land, money, or property, donated or~~
30 ~~granted by the United States and allocated to specific institutions of higher learning under the~~
31 ~~terms of the Enabling Act and the Constitution of North Dakota must be deposited in the special~~

1 ~~revenue fund of each institution and expended in accordance with section 1 of article IX of the~~
2 ~~Constitution of North Dakota. Moneys in the special revenue fund are subject to legislative~~
3 ~~appropriations. All other funds, unless restricted by the terms of a grant, donation, or bequest,~~
4 ~~received by the institutions from federal, state, and local grants and contracts, indirect cost~~
5 ~~recoveries, special student fees, room and board fees and other auxiliary enterprise fees,~~
6 ~~student activity fees, continuing education program fees, internal service fund revenues, and all~~
7 ~~other revenues must be deposited in the institution special revenue funds. The state treasurer~~
8 ~~shall immediately transfer the funds deposited in the special revenue funds to institution~~
9 ~~accounts in the Bank of North Dakota. Biennial estimates of revenue and expenditures of the~~
10 ~~other funds by source of funds must be presented at the same time biennial budget requests for~~
11 ~~appropriations from the special revenue fund and state general fund are prepared and~~
12 ~~submitted to the office of the budget. Payments from each institution's general fund~~
13 ~~appropriation must be made in amounts as may be necessary for the operation and~~
14 ~~maintenance of each institution, except that at the close of the biennium the balance of funds~~
15 ~~not paid from the general fund appropriation must be deposited in the special revenue funds of~~
16 ~~the institutions. All such appropriations are subject to proration in the same manner as other~~
17 ~~appropriations are prorated if insufficient funds are available to meet expenditures from the~~
18 ~~general fund. Sinking funds for the payment of interest and principal of institutional revenue~~
19 ~~bonds must be deposited pursuant to section 15-55-06.~~

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

22 **54-44.1-04. (Effective through June 30, 2005) Budget estimates of budget units**
23 **filed with the office of the budget - Deadline.** The head of each budget unit, not later than
24 July fifteenth of each year next preceding the session of the legislative assembly, shall submit
25 to the office of the budget, estimates of financial requirements of the person's budget unit for
26 the next two fiscal years, on the forms and in the manner prescribed by the office of the budget,
27 with such explanatory data as is required by the office of the budget and such additional data as
28 the head of the budget unit wishes to submit. The budget estimates for the North Dakota
29 university system must include block grants for the university system for a base funding
30 component and for an initiative funding component for specific strategies or initiatives and a
31 budget estimate for an asset funding component for renewal and replacement of physical plant

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

13 ~~(Effective after June 30, 2005) Budget estimates of budget units filed with the~~
14 ~~office of the budget—Deadline.~~ The head of each budget unit, not later than July fifteenth of
15 each year next preceding the session of the legislative assembly, shall submit to the office of
16 the budget, estimates of financial requirements of the person's budget unit for the next two
17 fiscal years, on the forms and in the manner prescribed by the office of the budget, with such
18 explanatory data as is required by the office of the budget and such additional data as the head
19 of the budget unit wishes to submit. The estimates so submitted must bear the approval of the
20 board or commission of each budget unit for which a board or commission is constituted. The
21 director of the budget may extend the filing date for any budget unit if the director finds there is
22 some circumstance that makes it advantageous to authorize the extension. If a budget unit has
23 not submitted its estimate of financial requirements by the required date or within a period of
24 extension set by the director of the budget, the director of the budget shall prepare the budget
25 unit's estimate of financial requirements except the estimate may not exceed ninety percent of
26 the budget unit's previous biennial appropriation. The director of the budget or a subordinate
27 officer as the director shall designate shall examine the estimates and shall afford to the heads
28 of budget units reasonable opportunity for explanation in regard thereto and, when requested,
29 shall grant to the heads of budget units a hearing thereon which must be open to the public.

30 **SECTION 21. AMENDMENT.** Section 54-44.1-06 of the North Dakota Century Code is
31 amended and reenacted as follows:

1 **54-44.1-06. (~~Effective through June 30, 2005~~) Preparation of the budget data -**

2 **Contents.** The director of the budget, through the office of the budget, shall prepare budget
3 data which must contain and include the following:

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

7 a. Summary statements of fund balances and assets showing in detail for each
8 fund the surplus or deficit at the beginning of each of the two fiscal years of
9 the previous biennium and the first fiscal year of the present biennium, the
10 actual revenue for those years, the total appropriations for the previous and
11 present biennium, and the total expenditures for those fiscal years; and

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

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

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

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

30 4. Detailed comparative statements of expenditures and requests for appropriations
31 by funds, budget units and classification of expenditures, showing the expenditures

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

1 general appropriations act. The draft of the proposed appropriations act for the
2 North Dakota university system must include block grants for a base funding
3 appropriation and for an initiative funding appropriation for specific strategies or
4 initiatives and an appropriation for asset funding for renewal and replacement of
5 physical plant assets at the institutions of higher education.

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

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

15 ~~(Effective after June 30, 2005) Preparation of the budget data—Contents. The~~
16 ~~director of the budget, through the office of the budget, shall prepare budget data which must~~
17 ~~contain and include the following:~~

18 ~~4. Summary statements of the financial condition of the state, accompanied by the~~
19 ~~detailed schedules of assets and liabilities as the director of the budget determines~~
20 ~~desirable, which must include the following:~~

21 ~~a. Summary statements of fund balances and assets showing in detail for each~~
22 ~~fund the surplus or deficit at the beginning of each of the two fiscal years of~~
23 ~~the previous biennium and the first fiscal year of the present biennium, the~~
24 ~~actual revenue for those years, the total appropriations for the previous and~~
25 ~~present biennium, and the total expenditures for those fiscal years; and~~

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

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

- 1 2. ~~Statements of actual revenue for the previous biennium, the first year of the~~
2 ~~present biennium, and the estimated revenue of the current fiscal year and of the~~
3 ~~next biennium, and a statement of unappropriated surplus expected to have~~
4 ~~accrued in the state treasury at the beginning of the next fiscal year. The~~
5 ~~statement of unappropriated surplus for the general fund must reflect any projected~~
6 ~~deficiency appropriations relating to expenditures from the general fund for the~~
7 ~~present biennium. The statements of revenue and estimated revenue must be~~
8 ~~classified by sources and by budget unit collecting them. Existing sources of~~
9 ~~revenue must be analyzed as to their equity, productivity, and need for revision,~~
10 ~~and any proposed new sources of revenue must be explained.~~
- 11 3. ~~Summary statements of expenditures of the previous biennium and first year of the~~
12 ~~present biennium, itemized by budget units and classified as prescribed by the~~
13 ~~director of the budget.~~
- 14 4. ~~Detailed comparative statements of expenditures and requests for appropriations~~
15 ~~by funds, budget units and classification of expenditures, showing the expenditures~~
16 ~~for the previous biennium, the first fiscal year of the present biennium, the budget~~
17 ~~of the current biennium, and the governor's recommendation for appropriations for~~
18 ~~each budget unit for the next biennium, all distributed according to the prescribed~~
19 ~~classification of expenditures. Following the lists of actual and proposed~~
20 ~~expenditures of each budget unit there must be a brief explanation of the functions~~
21 ~~of the unit and comments on its policies and plans and on any considerable~~
22 ~~differences among the amounts recommended, with any descriptive, quantitative,~~
23 ~~comparative, and other data as to work done, unit costs, and like information as~~
24 ~~may be considered necessary or desirable. For capital outlay expenditures~~
25 ~~involving construction projects to be completed in two or more fiscal years, there~~
26 ~~must be shown the total estimated cost of each such project and the amount~~
27 ~~thereof recommended to be appropriated and expended in each ensuing fiscal~~
28 ~~year until completion of the project. Capital outlay needs may be projected for at~~
29 ~~least two years beyond the period covered by the budget.~~
- 30 5. ~~A detailed statement showing the estimate of all moneys required to be raised or~~
31 ~~appropriated for the payment of interest upon the funded debt of the state and its~~

- 1 ~~other obligations bearing interest, and the amount of money required to be~~
2 ~~contributed in the two next ensuing fiscal years to the general sinking funds~~
3 ~~maintained for the redemption and payment of the debts of the state.~~
- 4 6. ~~A summary statement of the unappropriated fund balance estimated to be~~
5 ~~available at the beginning of the next biennium, and the estimated revenue of the~~
6 ~~next biennium, as compared with the total recommended amounts of appropriation~~
7 ~~for all classes of expenditures for the next biennium, and if the total of the~~
8 ~~recommended expenditures exceeds the total of the estimated resources,~~
9 ~~recommendations as to how the deficiency is to be met and estimates of any~~
10 ~~proposed additional revenue.~~
- 11 7. ~~Drafts of a proposed general appropriations act and special appropriations acts~~
12 ~~embodying the budget data and recommendations of the governor for~~
13 ~~appropriations for the next biennium and drafts of such revenues and other acts~~
14 ~~recommended by the governor for putting into effect the proposed financial plan.~~
15 ~~The recommended general appropriation for each budget unit must be specified in~~
16 ~~a separate section of the general appropriations act.~~
- 17 8. ~~A list of every individual asset or service, excluding real estate, with a value of at~~
18 ~~least fifty thousand dollars and every group of assets and services comprising a~~
19 ~~single system with a combined value of at least fifty thousand dollars acquired~~
20 ~~through a capital or operating lease arrangement or debt financing arrangement by~~
21 ~~a state agency or institution. The list must include assets or services acquired in~~
22 ~~the current biennium and anticipated assets or services to be acquired in the next~~
23 ~~biennium.~~
- 24 9. ~~Any other information as the director of the budget determines desirable or as is~~
25 ~~required by law.~~

26 **SECTION 22. AMENDMENT.** Section 54-44.1-11 of the North Dakota Century Code is
27 amended and reenacted as follows:

28 **54-44.1-11. (Effective through June 30, 2005) Office of management and budget**
29 **to cancel unexpended appropriations - When they may continue.** Except as otherwise
30 provided by law, the office of management and budget, thirty days after the close of each
31 biennial period, shall cancel all unexpended appropriations or balances of appropriations after

1 the expiration of the biennial period during which they became available under the law.
2 Unexpended appropriations for the North Dakota university system are not subject to this
3 section and the North Dakota university system shall report on the amounts and uses of funds
4 carried over from one biennium to the next to subsequent appropriations committees of the
5 legislative assembly. The chairmen of the appropriations committees of the senate and house
6 of representatives of the legislative assembly with the office of the budget may continue
7 appropriations or balances in force for not more than two years after the expiration of the
8 biennial period during which they became available upon recommendation of the director of the
9 budget for:

- 10 1. New construction projects.
- 11 2. Major repair or improvement projects.
- 12 3. Purchases of new equipment costing more than ten thousand dollars per unit if it
13 was ordered during the first twelve months of the biennium in which the funds were
14 appropriated.
- 15 4. The purchase of land by the state on a "contract for deed" purchase if the total
16 purchase price is within the authorized appropriation.

17 ~~(Effective after June 30, 2005) Office of management and budget to cancel~~
18 ~~unexpended appropriations – When they may continue.~~ The office of management and
19 budget, thirty days after the close of each biennial period, shall cancel all unexpended
20 appropriations or balances of appropriations after the expiration of the biennial period during
21 which they became available under the law. The chairmen of the appropriations committees of
22 the senate and house of representatives of the legislative assembly with the office of the budget
23 may continue appropriations or balances in force for not more than two years after the
24 expiration of the biennial period during which they became available upon recommendation of
25 the director of the budget for:

- 26 1. New construction projects.
- 27 2. Major repair or improvement projects.
- 28 3. Purchases of new equipment costing more than ten thousand dollars per unit if it
29 was ordered during the first twelve months of the biennium in which the funds were
30 appropriated.

1 4. ~~The purchase of land by the state on a "contract for deed" purchase if the total~~
2 ~~purchase price is within the authorized appropriation.~~

3 **SECTION 23. EMERGENCY.** The capital assets and contingency, extraordinary
4 repairs, and capital emergency line items contained in section 3 of this Act and sections 15, 16,
5 and 17 of this Act are declared to be an emergency measure.