

Fifty-ninth
Legislative Assembly
of North Dakota

ENGROSSED SENATE BILL NO. 2003

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 provide for a report to the budget
4 section; to provide for a performance audit of the university of North Dakota school of medicine
5 and health sciences; and to declare an emergency.

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

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

11 Subdivision 1.

12 **NORTH DAKOTA UNIVERSITY SYSTEM OFFICE**

13 Capital assets	\$12,790,689
14 Competitive research	4,750,000
15 Centers for excellence	1,550,000
16 Board initiatives	485,306
17 System governance	4,472,850
18 Title II	695,600
19 Technology pool	25,089,639
20 Operations pool	578,417
21 Contingency and capital emergency	1,752,767
22 Professional liability insurance	1,850,000
23 Student financial assistance grants	2,930,215
24 Professional student exchange program	1,678,300

Fifty-ninth
Legislative Assembly

1	Scholars program	816,368
2	Native American scholarships	204,086
3	Education incentive programs	<u>830,000</u>
4	Total all funds - Base level	\$60,474,237
5	Less estimated income - Base level	<u>3,855,507</u>
6	Total general fund - Base level	\$56,618,730
7	Subdivision 2.	
8	BISMARCK STATE COLLEGE	
9	Operations	\$16,112,327
10	Capital assets	<u>2,035,000</u>
11	Total all funds - Base level	\$18,147,327
12	Less estimated income - Base level	<u>1,785,000</u>
13	Total general fund - Base level	\$16,362,327
14	Subdivision 3.	
15	LAKE REGION STATE COLLEGE	
16	Operations	\$5,032,682
17	Capital assets	<u>419,831</u>
18	Total all funds - Base level	\$5,452,513
19	Less estimated income - Base level	<u>375,000</u>
20	Total general fund - Base level	\$5,077,513
21	Subdivision 4.	
22	WILLISTON STATE COLLEGE	
23	Operations	\$5,387,371
24	Capital assets	<u>88,790</u>
25	Total general fund - Base level	\$5,476,161
26	Subdivision 5.	
27	UNIVERSITY OF NORTH DAKOTA	
28	Operations	\$84,558,126
29	Capital assets	<u>55,662,136</u>
30	Total all funds - Base level	\$140,220,262

Fifty-ninth
Legislative Assembly

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.	

Fifty-ninth
Legislative Assembly

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 Capital assets	\$1,487,452
9 Competitive research program	440,000
10 Centers for excellence	(1,550,000)
11 Board initiatives	1,130,634
12 System governance	1,047,862
13 Common information services	(4,115,556)
14 Contingency and capital emergency	(1,315,844)
15 Professional liability insurance	(500,000)
16 Student financial assistance grants	1,846,073
17 Professional student exchange program	35,480
18 Scholars program	45,709
19 Native American scholarships	47,902
20 Education incentive programs	<u>397,902</u>
21 Total all funds - Adjustments/enhancements	(\$1,002,386)
22 Less estimated income - Adjustments/enhancements	<u>(1,518,231)</u>
23 Total general fund - Adjustments/enhancements	\$515,845

24 Subdivision 2.

25 **BISMARCK STATE COLLEGE**

26 Operations	\$769,695
27 Capital assets	<u>(1,288,719)</u>
28 Total all funds - Adjustments/enhancements	(\$519,024)
29 Less estimated income - Adjustments/enhancements	<u>(1,282,200)</u>
30 Total general fund - Adjustments/enhancements	\$763,176

31 Subdivision 3.

1	LAKE REGION STATE COLLEGE	
2	Operations	\$361,425
3	Capital assets	<u>(32,294)</u>
4	Total all funds - Adjustments/enhancements	\$329,131
5	Less estimated income - Adjustments/enhancements	<u>(375,000)</u>
6	Total general fund - Adjustments/enhancements	\$704,131
7	Subdivision 4.	
8	WILLISTON STATE COLLEGE	
9	Operations	\$371,523
10	Capital assets	<u>6,907,685</u>
11	Total all funds - Adjustments/enhancements	\$7,279,208
12	Less estimated income - Adjustments/enhancements	<u>6,910,000</u>
13	Total general fund - Adjustments/enhancements	\$369,208
14	Subdivision 5.	
15	UNIVERSITY OF NORTH DAKOTA	
16	Operations	\$8,070,453
17	Capital assets	<u>1,038,409</u>
18	Total all funds - Adjustments/enhancements	\$9,108,862
19	Less estimated income - Adjustments/enhancements	<u>1,100,000</u>
20	Total general fund - Adjustments/enhancements	\$8,008,862
21	Subdivision 6.	
22	NORTH DAKOTA STATE UNIVERSITY	
23	Operations	\$8,290,440
24	Capital assets	<u>(26,045,305)</u>
25	Total all funds - Adjustments/enhancements	(\$17,754,865)
26	Less estimated income - Adjustments/enhancements	<u>(26,000,000)</u>
27	Total general fund - Adjustments/enhancements	\$8,245,135
28	Subdivision 7.	
29	NORTH DAKOTA STATE COLLEGE OF SCIENCE	
30	Operations	\$1,072,000
31	Capital assets	<u>(3,320,168)</u>

Fifty-ninth
Legislative Assembly

1	Capital assets	\$14,278,141
2	Competitive research program	5,190,000
3	Board initiatives	1,615,940
4	System governance	5,520,712
5	Title II	695,600
6	Common information services	20,974,083
7	Operations pool	578,417
8	Contingency and capital emergency	436,923
9	Professional liability insurance	1,350,000
10	Student financial assistance grants	4,776,288
11	Professional student exchange program	1,713,780
12	Scholars program	862,077
13	Native American scholarships	251,988
14	Education incentive programs	<u>1,227,902</u>
15	Total all funds	\$59,471,851
16	Less estimated income	<u>2,337,276</u>
17	Total general fund appropriation	\$57,134,575
18	Subdivision 2.	
19	BISMARCK STATE COLLEGE	
20	Operations	\$16,882,022
21	Capital assets	<u>746,281</u>
22	Total all funds	\$17,628,303
23	Less estimated income	<u>502,800</u>
24	Total general fund appropriation	\$17,125,503
25	Subdivision 3.	
26	LAKE REGION STATE COLLEGE	
27	Operations	\$5,394,107
28	Capital assets	<u>387,537</u>
29	Total general fund appropriation	\$5,781,644
30	Subdivision 4.	
31	WILLISTON STATE COLLEGE	

Fifty-ninth
Legislative Assembly

1	Operations	\$5,758,894
2	Capital assets	<u>6,996,475</u>
3	Total all funds	\$12,755,369
4	Less estimated income	<u>6,910,000</u>
5	Total general fund appropriation	\$5,845,369
6	Subdivision 5.	
7	UNIVERSITY OF NORTH DAKOTA	
8	Operations	\$92,628,579
9	Capital assets	<u>56,700,545</u>
10	Total all funds	\$149,329,124
11	Less estimated income	<u>54,400,000</u>
12	Total general fund appropriation	\$94,929,124
13	Subdivision 6.	
14	NORTH DAKOTA STATE UNIVERSITY	
15	Operations	\$75,867,399
16	Capital assets	<u>1,692,226</u>
17	Total general fund appropriation	\$77,559,625
18	Subdivision 7.	
19	NORTH DAKOTA STATE COLLEGE OF SCIENCE	
20	Operations	\$25,008,824
21	Capital assets	<u>1,122,252</u>
22	Total all funds	\$26,131,076
23	Less estimated income	<u>368,920</u>
24	Total general fund appropriation	\$25,762,156
25	Subdivision 8.	
26	DICKINSON STATE UNIVERSITY	
27	Operations	\$14,605,516
28	Capital assets	<u>5,383,690</u>
29	Total all funds	\$19,989,206
30	Less estimated income	<u>5,000,000</u>
31	Total general fund appropriation	\$14,989,206

Fifty-ninth
Legislative Assembly

1	Operations	<u>\$31,375,828</u>
2	Total general fund appropriation	\$31,375,828
3	Subdivision 14.	
4	NORTH DAKOTA FOREST SERVICE	
5	Capital assets	\$101,638
6	Operations	<u>2,928,016</u>
7	Total all funds	\$3,029,654
8	Less estimated income	<u>975,001</u>
9	Total general fund appropriation	\$2,054,653
10	Total general fund appropriation - Section 3	\$386,388,067
11	Total estimated income appropriation - Section 3	\$79,060,997
12	Total all funds appropriation - Section 3	\$465,449,064
13	Grand total general fund appropriation - S.B. 2003	\$386,388,067
14	Grand total estimated income appropriation - S.B. 2003	\$162,403,497
15	Grand total all funds appropriation - S.B. 2003	\$548,791,564

16 **SECTION 4. BOARD INITIATIVES.** The sum of \$1,615,940, or so much of the sum as
17 may be necessary, included in the board initiatives line item in subdivision 1 of section 3 of this
18 Act, must be used to support university system and statewide goals linked to the state board of
19 higher education strategic plan and the higher education roundtable report, as determined by
20 the board.

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

25 **SECTION 6. OPERATIONS POOL.** The sum of \$578,417, or so much of the sum as
26 may be necessary, included in the operations pool line item in subdivision 1 of section 3 of this
27 Act, is to be allocated for system priorities as determined by the state board of higher
28 education.

29 **SECTION 7. COMMON INFORMATION SERVICES.** The sum of \$20,974,083, or so
30 much of the sum as may be necessary, included in the common information services line item
31 in subdivision 1 of section 3 of this Act, must be used for the benefit of the institutions and

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

7 **SECTION 8. CONTINGENCY AND CAPITAL EMERGENCY.** The sum of \$436,923,
8 or so much of the sum as may be necessary, included in the contingency and capital
9 emergency line item in subdivision 1 of section 3 of this Act, must be used to meet unforeseen
10 operations or capital asset needs and opportunities, as determined by the state board of higher
11 education.

12 **SECTION 9. STUDENT FINANCIAL ASSISTANCE GRANTS.** The funding
13 appropriated for student financial assistance grants in subdivision 1 of section 3 of this Act may
14 be allocated for the student financial assistance grant program and a child care grant program
15 as determined by the state board of higher education. The board shall consider applicants
16 demonstrating the greatest unmet financial need in making the allocations.

17 **SECTION 10. 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 11. 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 12. 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 13. 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 14. 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	\$2,617,500
24 University of North Dakota - Dining center renovation	2,100,000
25 University of North Dakota - Parking ramp structure	19,000,000
26 University of North Dakota - University housing replacement	20,000,000
27 North Dakota state university - Wellness center addition	12,000,000
28 North Dakota state university - Memorial union renovation and addition	22,000,000
29 Minot state university - Crane hall renovation	<u>5,000,000</u>

30 Bismarck state college may obtain and utilize special funds to assist in the construction of a
31 new residence hall. There is appropriated to Bismarck state college the sum of \$625,000, or so

1 much of the sum as may be necessary, from any other funds that may become available for
2 this project, for the biennium beginning July 1, 2005, and ending June 30, 2007.

3 Total special funds appropriation \$83,342,500

4 **SECTION 15. NORTH DAKOTA STATE UNIVERSITY - COLLEGE OF BUSINESS**

5 **BUILDING.** The state board of higher education may enter into an agreement or agreements
6 with the North Dakota state university foundation or other private entity and do all things
7 necessary and proper to authorize construction by the foundation or other private entity of a
8 college of business building on the North Dakota state university campus, using donations,
9 gifts, or other private funds.

10 **SECTION 16. MINOT STATE UNIVERSITY - CRANE HALL RENOVATION.** The
11 state board of higher education may enter into an agreement or agreements with a private
12 vendor and do all things necessary and proper to authorize renovation and operation of crane
13 hall on the Minot state university campus as a residence hall using auxiliary revenues.

14 **SECTION 17. LEGISLATIVE INTENT - LONG-TERM FINANCE PLAN REVIEW -**
15 **REPORT TO THE BUDGET SECTION.** It is the intent of the fifty-ninth legislative assembly
16 that the state board of higher education conduct a review of the long-term finance plan,
17 including a review of peer institutions and a review of the allocation of funds between equity
18 and parity within the plan, during the 2005-06 interim. A representative of the board shall
19 periodically report to the appropriate committee of the legislative council and the budget section
20 on the status of the review during the 2005-06 interim.

21 **SECTION 18. LEGISLATIVE INTENT - NORTH DAKOTA UNIVERSITY SYSTEM -**
22 **EXECUTIVE BUDGET RECOMMENDATION.** It is the intent of the fifty-ninth legislative
23 assembly that the office of the budget submit for introduction to the sixtieth legislative assembly
24 the North Dakota university system appropriations bill for the 2007-09 biennium in the same
25 format as approved by the fifty-ninth legislative assembly.

26 **SECTION 19. UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND**
27 **HEALTH SCIENCES - PERFORMANCE AUDIT.** The state auditor shall conduct a
28 performance audit of the university of North Dakota school of medicine and health sciences
29 during the biennium beginning July 1, 2005, and ending June 30, 2007. The results of the
30 performance audit must be presented to the legislative audit and fiscal review committee and to
31 the appropriations committees of the sixtieth legislative assembly. Subject to the provisions of

1 subsection 4 of section 54-10-01, the university of North Dakota school of medicine and health
2 sciences shall pay for the cost of any consultant approved for the audit.

3 **SECTION 20. NORTH DAKOTA STATE UNIVERSITY SPECIAL ASSESSMENT**

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

8 **SECTION 21. LEGISLATIVE INTENT - HIGHER EDUCATION ACCOUNTABILITY**

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

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

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

18 **SECTION 22. EMERGENCY.** The capital assets and contingency and capital
19 emergency line items contained in section 3 of this Act and sections 14, 15, and 20 of this Act
20 are declared to be an emergency measure.