

**Fifty-ninth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 4, 2005**

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

AN ACT to provide an appropriation for defraying the expenses of the North Dakota university system; to authorize the state board of higher education to issue and sell bonds for capital projects; to provide statements of legislative intent; to provide for reports to the budget section; to provide for a legislative council study; to amend and reenact section 15-62.2-01 of the North Dakota Century Code, relating to student financial assistance grants; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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

Subdivision 1.

NORTH DAKOTA UNIVERSITY SYSTEM OFFICE

Capital assets	\$12,790,689
Competitive research	4,750,000
Centers for excellence	1,550,000
Board initiatives	485,306
System governance	4,472,850
Title II	695,600
Technology pool	25,089,639
Operations pool	578,417
Contingency and capital emergency	1,752,767
Professional liability insurance	1,850,000
Student financial assistance grants	2,930,215
Professional student exchange program	1,678,300
Scholars program	816,368
Native American scholarships	204,086
Education incentive programs	830,000
Total all funds - Base level	\$60,474,237
Less estimated income - Base level	<u>3,855,507</u>
Total general fund - Base level	\$56,618,730

Subdivision 2.

BISMARCK STATE COLLEGE

Operations	\$16,112,327
Capital assets	2,035,000
Total all funds - Base level	\$18,147,327
Less estimated income - Base level	<u>1,785,000</u>
Total general fund - Base level	\$16,362,327

Subdivision 3.

LAKE REGION STATE COLLEGE

Operations	\$5,032,682
Capital assets	419,831
Total all funds - Base level	\$5,452,513

Less estimated income - Base level	<u>375,000</u>
Total general fund - Base level	\$5,077,513

Subdivision 4.

WILLISTON STATE COLLEGE

Operations	\$5,387,371
Capital assets	<u>88,790</u>
Total general fund - Base level	\$5,476,161

Subdivision 5.

UNIVERSITY OF NORTH DAKOTA

Operations	\$84,558,126
Capital assets	<u>55,662,136</u>
Total all funds - Base level	\$140,220,262
Less estimated income - Base level	<u>53,300,000</u>
Total general fund - Base level	\$86,920,262

Subdivision 6.

NORTH DAKOTA STATE UNIVERSITY

Operations	\$67,576,959
Capital assets	<u>27,737,531</u>
Total all funds - Base level	\$95,314,490
Less estimated income - Base level	<u>26,000,000</u>
Total general fund - Base level	\$69,314,490

Subdivision 7.

NORTH DAKOTA STATE COLLEGE OF SCIENCE

Operations	\$23,936,824
Capital assets	<u>4,442,420</u>
Total all funds - Base level	\$28,379,244
Less estimated income - Base level	<u>3,668,920</u>
Total general fund - Base level	\$24,710,324

Subdivision 8.

DICKINSON STATE UNIVERSITY

Operations	\$13,598,831
Capital assets	<u>11,276,009</u>
Total all funds - Base level	\$24,874,840
Less estimated income - Base level	<u>10,882,047</u>
Total general fund - Base level	\$13,992,793

Subdivision 9.

MAYVILLE STATE UNIVERSITY

Operations	\$8,602,335
Capital assets	<u>5,769,589</u>
Total all funds - Base level	\$14,371,924
Less estimated income - Base level	<u>5,505,000</u>
Total general fund - Base level	\$8,866,924

Subdivision 10.

MINOT STATE UNIVERSITY

Operations	\$25,769,578
Capital assets	<u>612,850</u>
Total general fund - Base level	\$26,382,428

Subdivision 11.

VALLEY CITY STATE UNIVERSITY

Operations	\$11,304,672
Capital assets	<u>4,350,634</u>
Total all funds - Base level	\$15,655,306
Less estimated income - Base level	<u>4,085,300</u>
Total general fund - Base level	\$11,570,006

Subdivision 12.

MINOT STATE UNIVERSITY - BOTTINEAU

Operations	\$4,102,856
Capital assets	<u>209,663</u>
Total general fund - Base level	\$4,312,519

Subdivision 13.

UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH SCIENCES

Operations	<u>\$30,165,865</u>
Total general fund - Base level	\$30,165,865

Subdivision 14.

NORTH DAKOTA FOREST SERVICE

Operations	\$2,715,016
Capital assets	<u>146,061</u>
Total all funds - Base level	\$2,861,077
Less estimated income - Base level	<u>1,090,001</u>
General fund - Base level	\$1,771,076
Total general fund - Section 1	\$361,541,418
Total estimated income - Section 1	\$110,546,775
Total all funds - Section 1	\$472,088,193

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

Subdivision 1.

NORTH DAKOTA UNIVERSITY SYSTEM OFFICE AND INSTITUTIONS

Capital assets	\$1,487,452
Competitive research program	440,000
Centers for excellence	(1,550,000)
Board initiatives	1,399,694
System governance	1,045,572
Common information services	(4,526,546)
Operations pool	(189,858)
Equity pool	2,000,000
Contingency and capital emergency	(1,315,844)
Professional liability insurance	(500,000)
Student financial assistance grants	574,187
Professional student exchange program	186,480
Scholars program	45,709
Native American scholarships	47,902
Education incentive programs	<u>397,902</u>
Total all funds - Adjustments/enhancements	(\$457,350)
Less estimated income - Adjustments/enhancements	<u>(1,518,231)</u>
Total general fund - Adjustments/enhancements	\$1,060,881

Subdivision 2.

BISMARCK STATE COLLEGE

Operations	\$753,221
Capital assets	<u>(1,288,719)</u>
Total all funds - Adjustments/enhancements	(\$535,498)
Less estimated income - Adjustments/enhancements	<u>(1,282,200)</u>
Total general fund - Adjustments/enhancements	\$746,702

Subdivision 3.

LAKE REGION STATE COLLEGE

Operations	\$357,307
Capital assets	<u>(32,294)</u>
Total all funds - Adjustments/enhancements	\$325,013
Less estimated income - Adjustments/enhancements	<u>(375,000)</u>
Total general fund - Adjustments/enhancements	\$700,013

Subdivision 4.

WILLISTON STATE COLLEGE

Operations	\$365,626
Capital assets	8,047,685
Total all funds - Adjustments/enhancements	\$8,413,311
Less estimated income - Adjustments/enhancements	<u>7,960,000</u>
Total general fund - Adjustments/enhancements	\$453,311

Subdivision 5.

UNIVERSITY OF NORTH DAKOTA

Operations	\$7,993,476
Capital assets	1,038,409
Total all funds - Adjustments/enhancements	\$9,031,885
Less estimated income - Adjustments/enhancements	1,100,000
Total general fund - Adjustments/enhancements	\$7,931,885

Subdivision 6.

NORTH DAKOTA STATE UNIVERSITY

Operations	\$8,227,691
Capital assets	<u>(26,045,305)</u>
Total all funds - Adjustments/enhancements	(\$17,817,614)
Less estimated income - Adjustments/enhancements	<u>(26,000,000)</u>
Total general fund - Adjustments/enhancements	\$8,182,386

Subdivision 7.

NORTH DAKOTA STATE COLLEGE OF SCIENCE

Operations	\$1,050,004
Capital assets	<u>(1,620,168)</u>
Total all funds - Adjustments/enhancements	(\$570,164)
Less estimated income - Adjustments/enhancements	<u>(1,600,000)</u>
Total general fund - Adjustments/enhancements	\$1,029,836

Subdivision 8.

DICKINSON STATE UNIVERSITY

Operations	\$1,112,796
Capital assets	<u>(5,892,319)</u>
Total all funds - Adjustments/enhancements	(\$4,779,523)
Less estimated income - Adjustments/enhancements	<u>(5,882,047)</u>
Total general fund - Adjustments/enhancements	\$1,102,524

Subdivision 9.

MAYVILLE STATE UNIVERSITY

Operations	\$401,295
Capital assets	<u>(3,910,595)</u>
Total all funds - Adjustments/enhancements	<u>(\$3,509,300)</u>
Less estimated income - Adjustments/enhancements	<u>(4,005,000)</u>
Total general fund - Adjustments/enhancements	\$495,700

Subdivision 10.

MINOT STATE UNIVERSITY

Operations	\$1,446,271
Capital assets	<u>3,599,020</u>
Total all funds - Adjustments/enhancements	<u>\$5,045,291</u>
Less estimated income - Adjustments/enhancements	<u>3,535,000</u>
Total general fund - Adjustments/enhancements	\$1,510,291

Subdivision 11.

VALLEY CITY STATE UNIVERSITY

Operations	\$501,854
Capital assets	<u>(3,842,218)</u>
Total all funds - Adjustments/enhancements	<u>(\$3,340,364)</u>
Less estimated income - Adjustments/enhancements	<u>(4,085,300)</u>
Total general fund - Adjustments/enhancements	\$744,936

Subdivision 12.

MINOT STATE UNIVERSITY - BOTTINEAU

Operations	\$231,604
Capital assets	<u>3,400,062</u>
Total all funds - Adjustments/enhancements	<u>\$3,631,666</u>
Less estimate income - Adjustments/enhancements	<u>3,500,000</u>
Total general fund - Adjustments/enhancements	\$131,666

Subdivision 13.

UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH SCIENCES

Operations	<u>\$1,195,137</u>
Total general fund - Adjustments/enhancements	\$1,195,137

Subdivision 14.

NORTH DAKOTA FOREST SERVICE

Capital assets	<u>(\$44,423)</u>
Operations	<u>210,630</u>
Total all funds - Adjustments/enhancements	<u>\$166,207</u>
Less estimated income - Adjustments/enhancements	<u>(115,000)</u>
Total general fund - Adjustments/enhancements	\$281,207
Total general fund - Section 2	\$25,566,475
Total estimated income - Section 2	<u>(\$28,767,778)</u>
Total all funds - Section 2	<u>(\$3,201,303)</u>

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

Subdivision 1.

NORTH DAKOTA UNIVERSITY SYSTEM OFFICE AND INSTITUTIONS

Capital assets	\$14,278,141
Competitive research program	5,190,000

Board initiatives	1,885,000
System governance	5,518,422
Title II	695,600
Common information services	20,563,093
Operations pool	388,559
Equity pool	2,000,000
Contingency and capital emergency	436,923
Professional liability insurance	1,350,000
Student financial assistance grants	3,504,402
Professional student exchange program	1,864,780
Scholars program	862,077
Native American scholarships	251,988
Education incentive programs	<u>1,227,902</u>
Total all funds	\$60,016,887
Less estimated income	<u>2,337,276</u>
Total general fund appropriation	\$57,679,611

Subdivision 2.

BISMARCK STATE COLLEGE

Operations	\$16,865,548
Capital assets	<u>746,281</u>
Total all funds	\$17,611,829
Less estimated income	<u>502,800</u>
Total general fund appropriation	\$17,109,029

Subdivision 3.

LAKE REGION STATE COLLEGE

Operations	\$5,389,989
Capital assets	<u>387,537</u>
Total general fund appropriation	\$5,777,526

Subdivision 4.

WILLISTON STATE COLLEGE

Operations	\$5,752,997
Capital assets	<u>8,136,475</u>
Total all funds	\$13,889,472
Less estimated income	<u>7,960,000</u>
Total general fund appropriation	\$5,929,472

Subdivision 5.

UNIVERSITY OF NORTH DAKOTA

Operations	\$92,551,602
Capital assets	<u>56,700,545</u>
Total all funds	\$149,252,147
Less estimated income	<u>54,400,000</u>
Total general fund appropriation	\$94,852,147

Subdivision 6.

NORTH DAKOTA STATE UNIVERSITY

Operations	\$75,804,650
Capital assets	<u>1,692,226</u>
Total general fund appropriation	\$77,496,876

Subdivision 7.

NORTH DAKOTA STATE COLLEGE OF SCIENCE

Operations	\$24,986,828
Capital assets	<u>2,822,252</u>

Total all funds	\$27,809,080
Less estimated income	<u>2,068,920</u>
Total general fund appropriation	\$25,740,160

Subdivision 8.

DICKINSON STATE UNIVERSITY

Operations	\$14,711,627
Capital assets	<u>5,383,690</u>
Total all funds	\$20,095,317
Less estimated income	<u>5,000,000</u>
Total general fund appropriation	\$15,095,317

Subdivision 9.

MAYVILLE STATE UNIVERSITY

Operations	\$9,003,630
Capital assets	<u>1,858,994</u>
Total all funds	\$10,862,624
Less estimated income	<u>1,500,000</u>
Total general fund appropriation	\$9,362,624

Subdivision 10.

MINOT STATE UNIVERSITY

Operations	\$27,215,849
Capital assets	<u>4,211,870</u>
Total all funds	\$31,427,719
Less estimated income	<u>3,535,000</u>
Total general fund appropriation	\$27,892,719

Subdivision 11.

VALLEY CITY STATE UNIVERSITY

Operations	\$11,806,526
Capital assets	<u>508,416</u>
Total general fund appropriation	\$12,314,942

Subdivision 12.

MINOT STATE UNIVERSITY - BOTTINEAU

Operations	\$4,334,460
Capital assets	<u>3,609,725</u>
Total all funds	\$7,944,185
Less estimated income	<u>3,500,000</u>
Total general fund appropriation	\$4,444,185

Subdivision 13.

UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH SCIENCES

Operations	<u>\$31,361,002</u>
Total general fund appropriation	\$31,361,002

Subdivision 14.

NORTH DAKOTA FOREST SERVICE

Capital assets	\$101,638
Operations	<u>2,925,646</u>
Total all funds	\$3,027,284
Less estimated income	<u>975,001</u>
Total general fund appropriation	\$2,052,283
Total general fund appropriation - Section 3	\$387,107,893
Total estimated income appropriation - Section 3	\$81,778,997
Total all funds appropriation - Section 3	\$468,886,890

Grand total general fund appropriation - S.B. 2003	\$387,282,893
Grand total estimated income appropriation - S.B. 2003	\$165,121,497
Grand total all funds appropriation - S.B. 2003	\$552,404,390

SECTION 4. BOARD INITIATIVES. The sum of \$200,000 of the funding, included in the board initiatives line item in subdivision 1 of section 3 of this Act, must be used for a grant to the space grant consortium to match federal funds and the remainder of the funding may be used to support university system and statewide goals linked to the state board of higher education strategic plan and the higher education roundtable report, as determined by the board. The board shall consider using a substantial amount of funding for an international student initiative.

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

SECTION 6. OPERATIONS POOL. The sum of \$388,559, or so much of the sum as may be necessary, included in the operations pool line item in subdivision 1 of section 3 of this Act, is to be allocated for system priorities as determined by the state board of higher education.

SECTION 7. COMMON INFORMATION SERVICES. The sum of \$20,563,093, or so much of the sum as may be necessary, included in the common information services line item in subdivision 1 of section 3 of this Act, must be used for the benefit of the institutions and entities under the control of the state board of higher education, as determined by the board. Funding allocations are to be made based on the North Dakota university system information technology plan and technology priorities. Funds allocated pursuant to this section must be used to support the higher education computer network, the interactive video network, the on-line Dakota information network, and other related technology initiatives as determined by the board.

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

SECTION 9. EQUITY POOL - REPORT TO THE BUDGET SECTION. The sum of \$2,000,000, or so much of the sum as may be necessary, included in the equity pool line item in subdivision 1 of section 3 of this Act, must be used to address equity at higher education institutions and other campus needs as determined by the state board of higher education. The state board of higher education may not select a formula for distributing the equity funding until January 1, 2006. A representative of the board shall provide a report to the budget section regarding the allocation of the equity pool. Equity or parity funding allocations must be considered in the campus equity position for budgeting purposes.

SECTION 10. EDUCATION INCENTIVE PROGRAMS. The funding appropriated for education incentive programs in subdivision 1 of section 3 of this Act, may be allocated to education incentive programs as determined by the state board of higher education, including the reduction or elimination of specific programs, and the state board of higher education may determine the appropriate number of years of program eligibility for each education incentive program. The board may allocate up to \$150,000 of the funding for providing doctoral incentives to students at private baccalaureate degree-granting institutions.

SECTION 11. FEDERAL, PRIVATE, AND OTHER FUNDS - APPROPRIATION. All funds, in addition to those appropriated in section 3 of this Act, from federal, private, and other sources, received by the institutions and entities under the control of the state board of higher education are appropriated to those institutions and entities, for the biennium beginning July 1, 2005, and ending June 30, 2007. All additional funds received under the North Dakota-Minnesota reciprocity agreement during the biennium beginning July 1, 2005, and ending June 30, 2007, are appropriated to the state board of higher education for reimbursement to institutions under the control of the board and for student

financial assistance grants. Twenty-three and one-half percent of the additional funds must be used for student financial assistance grants for students at private baccalaureate degree-granting institutions.

SECTION 12. TRANSFER AUTHORITY. If, during the biennium beginning July 1, 2005, and ending June 30, 2007, the state board of higher education determines that funds allocated to campus operations in section 3 of this Act are needed for capital projects or extraordinary repairs, the board may transfer funds from operations to capital assets. The board shall report any transfer of funds under this section to the office of management and budget.

SECTION 13. FULL-TIME EQUIVALENT POSITION ADJUSTMENTS. The state board of higher education is authorized to adjust full-time equivalent positions as needed, subject to the availability of funds, for institutions and entities under its control. The university system shall report any adjustments to the office of management and budget before the submission of the 2007-09 biennium budget request.

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

Bismarck state college - Residence hall	\$2,617,500
University of North Dakota - Dining center renovation	2,100,000
University of North Dakota - Parking ramp structure	19,000,000
University of North Dakota - University housing replacement	20,000,000
North Dakota state university - Wellness center addition	12,000,000
North Dakota state university - Memorial union renovation and addition	22,000,000
Minot state university - Crane hall renovation	<u>5,000,000</u>

Bismarck state college may obtain and utilize special funds to assist in the construction of a new residence hall. There is appropriated to Bismarck state college the sum of \$625,000, or so much of the sum as may be necessary, from any other funds that may become available for this project, for the biennium beginning July 1, 2005, and ending June 30, 2007.

Total special funds appropriation	\$83,342,500
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SECTION 15. NORTH DAKOTA STATE UNIVERSITY - COLLEGE OF BUSINESS BUILDING. The state board of higher education may enter into an agreement or agreements with the North Dakota state university foundation or other private entity and do all things necessary and proper to authorize construction by the foundation or other private entity of a college of business building on the North Dakota state university campus, using donations, gifts, or other private funds.

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

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

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

SECTION 19. NORTH DAKOTA STATE UNIVERSITY SPECIAL ASSESSMENT DISTRICT. The state board of higher education may authorize North Dakota state university to request of the city of Fargo creation of a \$1,025,000 special improvement district to finance necessary repairs and improvements to seventeenth avenue located on the North Dakota state university campus.

SECTION 20. LEGISLATIVE INTENT - HIGHER EDUCATION ACCOUNTABILITY MEASURES. It is the intent of the legislative assembly that the board of higher education's performance and accountability report as required by section 15-10-14.2 include an executive summary and information regarding:

1. Education excellence, including:
 - a. Student performance on nationally recognized exams in their major fields compared to the national averages.
 - b. First-time licensure pass rates compared to other states.
 - c. Alumni-reported and student-reported satisfaction with preparation in selected major, acquisition of specific skills, and technology knowledge and abilities.
 - d. Employer-reported satisfaction with preparation of recently hired graduates.
 - e. Biennial report on employee satisfaction relating to the university system and local institutions.
 - f. Student graduation and retention rates.
2. Economic development, including:
 - a. Enrollment in entrepreneurship courses and the number of graduates of entrepreneurship programs.
 - b. Percentage of university system graduates obtaining employment appropriate to their education in the state.
 - c. Number of businesses and employees in the region receiving training.
3. Student access, including number and proportion of enrollments in courses offered by nontraditional methods.
4. Student affordability, including:
 - a. Tuition and fees on a per student basis compared to the regional average.
 - b. Tuition and fees as a percentage of median North Dakota household income.
 - c. Cost per student in terms of general fund appropriations and total university system funding.
 - d. Per capita general fund appropriations for higher education.
 - e. State general fund appropriation levels for university system institutions compared to peer institutions general fund appropriation levels.

5. Financial operations, including:
 - a. Cost per student and percentage distribution by major function.
 - b. Ratio measuring the funding derived from operating and contributed income compared to total university system funding.
 - c. Ratio measuring the amount of expendable net assets as compared to the amount of long-term debt.
 - d. Research expenditures in proportion to the amount of revenue generated by research activity and funding received for research activity.
 - e. Ratio measuring the amount of expendable fund balances divided by total expenditures and mandatory transfers.
 - f. Ratio measuring net total revenues divided by total current revenues.

SECTION 21. BISMARCK STATE COLLEGE CAREER AND TECHNOLOGY INSTITUTE.

The state board of higher education may enter an agreement or agreements with the Bismarck state college foundation or other private entity and do all things necessary and proper to authorize construction by the foundation or other private entity of a building on the Bismarck state college campus, using state funds, federal funds, donations, gifts, or other private funds.

SECTION 22. LEGISLATIVE INTENT - STUDENT EXCHANGE PROGRAMS. It is the intent of the fifty-ninth legislative assembly that the state board of higher education consider allowing related faculty members and practicing professionals in the related fields in the state to assist in the selection of students awarded funding through the student exchange program and consider investigating options of entering contracts with other higher education institutions for providing opportunities for students to complete professional fields of study not offered through the North Dakota university system, specifically other institutions granting professional degrees targeting critical shortages in large animal veterinary practice.

SECTION 23. LEGISLATIVE COUNCIL STUDY OF HIGHER EDUCATION FUNDING AND ACCOUNTABILITY. The legislative council shall consider studying, during the 2005-06 interim, higher education funding and accountability. If conducted, the study should include a review of the progress made in implementing the higher education roundtable recommendations relating to the university system meeting the state's expectations and needs, the funding methodology needed to meet these expectations and needs, and the appropriate accountability and reporting system for the North Dakota university system. The review should include an independent consultant's evaluation of:

1. The roundtable recommendations and the goals and objectives of the North Dakota university system;
2. The long-term financing plan for the North Dakota university system, including a review of the peer institutions selected and updated funding comparisons;
3. The North Dakota university system's prioritization of higher education funding, including the resource allocation mechanism addressing equity funding issues and the funding for initiatives at North Dakota's colleges and universities; and
4. The accountability mechanisms.

The study should be conducted and the consultant selected with input from the state board of higher education. The independent consultant selected to do the evaluation must possess a national reputation and experience in higher education governance and funding and management in multicampus public university systems and may not have been under contract with the state board of higher education during the previous five years.

The study may include the use of a higher education roundtable format.

The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixtieth legislative assembly.

SECTION 24. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$175,000, or so much of the sum as may be necessary, to the legislative council for the purpose of conducting the higher education study as provided for in this Act, for the biennium beginning July 1, 2005, and ending June 30, 2007. The legislative council may receive any other funds available for conducting the study and those funds are hereby appropriated.

SECTION 25. USE OF UNSPENT 2003-05 GENERAL FUND APPROPRIATIONS. The state board of higher education shall use \$250,000 of North Dakota university system office unspent 2003-05 biennium general fund appropriation authorized to continue under section 54-44.1-11 for capital asset needs at Valley City State University in the sum of \$150,000, including \$108,000 for brick tuck-pointing, \$10,000 for a sound system, and \$32,000 to replace special funds for the W. E. Osmon bleacher replacement project, and for internships at the North Dakota trade office in the sum of \$100,000 for the biennium beginning July 1, 2005, and ending June 30, 2007.

SECTION 26. AMENDMENT. Section 15-62.2-01 of the North Dakota Century Code is amended and reenacted as follows:

15-62.2-01. Student financial assistance and scholars programs - Establishment - Administrative responsibility. The North Dakota student financial assistance and scholars programs are established to provide grants or scholarships, or both, to assist the following students:

1. Resident undergraduate students pursuant to section 15-10-19.1.
2. North Dakota resident students who have attended and graduated from a high school in a bordering state pursuant to section 15-40.2-10, who are attending qualified institutions of postsecondary education within North Dakota.
3. North Dakota resident students who, because of physical or mental handicap as certified by a physician, are attending postsecondary institutions out of state due to the lack of special services or facilities, or both, necessary to meet the postsecondary educational needs of the handicapped students within North Dakota.
4. Scholars who qualify and are selected for scholarships pursuant to sections 15-62.2-00.1 and 15-62.2-03.1 through 15-62.2-03.5.

A student must be in substantial need of financial assistance to receive grants under the student financial assistance program. The state board of higher education shall administer the student financial assistance program and the scholars program. At least twenty-three and one-half percent of the funds appropriated for the student financial assistance program must be allocated to students at private baccalaureate degree-granting institutions with the remaining funds allocated to students at public and American Indian institutions.

SECTION 27. EMERGENCY. The capital assets, professional student exchange program, and contingency and capital emergency line items contained in section 3 of this Act and sections 14, 15, and 19 of this Act are declared to be an emergency measure.

President of the Senate

Speaker of the House

Secretary of the Senate

Chief Clerk of the House

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

Vote: Yeas 39 Nays 8 Absent 0

President of the Senate

Secretary of the Senate

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

Vote: Yeas 76 Nays 17 Absent 1

Speaker of the House

Chief Clerk of the House

Received by the Governor at _____ M. on _____, 2005.

Approved at _____ M. on _____, 2005.

Governor

Filed in this office this _____ day of _____, 2005,

at ___ o'clock _____ M.

Secretary of State