

Introduced by

Legislative Management

(Workforce Committee)

1 A BILL for an Act to create and enact a new chapter to title 54 and a new section to chapter  
2 54-60 of the North Dakota Century Code, relating to a centers of research excellence program  
3 and centers of entrepreneurship excellence grants; to amend and reenact section 54-60-22 of  
4 the North Dakota Century Code, relating to centers of workforce excellence grants; to provide  
5 for transfers; to provide a continuing appropriation; and to provide an appropriation.

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

7 **SECTION 1. AMENDMENT.** Section 54-60-22 of the North Dakota Century Code is  
8 amended and reenacted as follows:

9 **54-60-22. Workforce enhancement council - ~~Grants~~Centers of workforce excellence**  
10 **grants.**

11 The workforce enhancement council shall recommend to the commissioner the approval of  
12 centers of workforce excellence grants to institutions of higher education assigned primary  
13 responsibility for workforce training in this state to be used to create or enhance training  
14 programs that address workforce needs of private sector companies. A grant made under this  
15 section may be used for curriculum development, equipment, recruitment of participants, and  
16 training and certification for instructors but may not be used to supplant funding for current  
17 operations. The department may distribute funds under this section after:

- 18 1. The division of workforce development certifies that a proposed training program  
19 meets a critical workforce shortage in a target industry or other high-demand  
20 occupation and is expected to lead to employment in this state; and  
21 2. The proposed recipient provides the department with detailed documentation of  
22 private sector participation, including the availability of one dollar of matching funds for  
23 each dollar of state funds.

1       **SECTION 2.** A new section to chapter 54-60 of the North Dakota Century Code is created  
2 and enacted as follows:

3       **Centers of entrepreneurship excellence grants.**

4       The department shall administer a centers of entrepreneurship excellence grant program,  
5 which shall provide grants to department-certified entrepreneurial centers to be used to assist  
6 entrepreneurs in accessing capital, to assist entrepreneurs through providing marketing  
7 assistance, to support building entrepreneur infrastructure, and to develop entrepreneurial  
8 talent. The centers of excellence commission, established under chapter 15-69, shall make  
9 grant award determinations under this section. The department shall work with the centers of  
10 excellence commission in establishing guidelines to qualify for a grant under this section which  
11 may include preference for an applicant that establishes the availability of matching funds.

12       **SECTION 3.** A new chapter to title 54 of the North Dakota Century Code is created and enacted  
13 as follows:

14       **Definitions.**

15       In this chapter, unless the context otherwise requires:

- 16       1. "Center" means a center of research excellence that has been designated under this  
17 chapter.
- 18       2. "Commission" means the centers of excellence commission as defined under chapter  
19 15-69.
- 20       3. "Department" means the department of commerce;
- 21       4. "Industry cluster" means one of the following industries:
- 22           a. Advanced manufacturing;
- 23           b. Energy;
- 24           c. Information and technology;
- 25           d. Tourism;
- 26           e. Value-added agriculture; or
- 27           f. An industry, including the aerospace industry, specifically identified by the  
28 department of commerce as an industry that will contribute to the gross state  
29 product.
- 30       5. "Infrastructure" means new building construction or major building renovation. The  
31 term does not include a purchase of equipment or remodel of an existing building.

1       6. "Research university" means an institution under the control of the state board of  
2       higher education which has a full-time student enrollment in excess of nine thousand  
3       students.

4       **Centers of research excellence - Application - Eligibility.**

5       1. The department shall establish a centers of research excellence program. The  
6       commission shall make funding award determinations under this program. A center  
7       must be a research university or a nonprofit university-related or college-related  
8       foundation of a research university which is working in partnership with the private  
9       sector.

10      2. The department shall provide center application forms, accept applications, review  
11      applications for completeness and compliance with commission policy, forward  
12      complete applications to the commission in accordance with guidelines established by  
13      the commission, and assist with preaward reviews and postaward monitoring as may  
14      be requested by the commission. No more than two applications per campus of a  
15      research university institution may be submitted to the department for each round of  
16      center funding.

17      3. The commission shall meet as necessary to review all complete applications; consider  
18      the potential need for independent, expert review of complete applications; approve or  
19      disapprove complete applications; make funding award recommendations for  
20      commission-approved proposed centers; direct the department to distribute funds to  
21      the centers; monitor centers for compliance with award requirements; review changes  
22      in assertions made in center applications; and conduct postaward monitoring of  
23      centers.

24      4. In considering whether to approve or disapprove a center application, the commission  
25      shall determine whether the applicant has conducted the due diligence necessary to  
26      put together a viable proposal, the commission shall determine whether the applicant  
27      has provided information in the application which clearly outlines how the matching  
28      fund requirement will be met, and the commission shall consider whether the center  
29      will:

- 1           a. Use university research to promote private sector job growth and expansion of  
2                     knowledge-based industries or use university research to promote the  
3                     development of new products, high-tech companies, or skilled jobs in this state;
- 4           b. Create high-value private sector employment opportunities in this state;
- 5           c. Provide for public-private sector involvement and partnerships;
- 6           d. Leverage other funding, including cash from the private sector;
- 7           e. Promote the commercialization of new products and services in industry clusters;
- 8           f. Become financially self-sustaining; and
- 9           g. Establish and meet a deadline for acquiring and expending all public and private  
10                 funds specified in the application.
- 11         5. In considering whether to approve an application, the commission may provide for an  
12                 independent, expert review of the application to determine whether the proposed  
13                 center is viable and whether the proposed center is likely to have the desired  
14                 economic impact. As necessary, the commission may contract for additional technical  
15                 review of applications. The commission may not approve an application unless the  
16                 commission determines the proposed center has a high likelihood of viability and  
17                 success in positively impacting economic development in the state.
- 18         6. The board rules adopted under subsection 9 of section 15-10-17, relating to ownership  
19                 of intellectual property, inventions, and discoveries, must address activities and issues  
20                 unique to centers.

21         **Use of funds - Terms of funds - Distribution of funds - Postaward monitoring.**

- 22         1. A center shall use center grant funds to enhance capacity and leverage state, federal,  
23                 and private sources of funding. A center awarded center funds under this chapter may  
24                 not use the funds for infrastructure, to supplant funding for current operations or  
25                 academic instructions, or to pay indirect costs.
- 26         2. For no fewer than six years and no more than ten years following center designation,  
27                 the commission shall monitor the center's activities in order to determine whether the  
28                 center is having the desired economic impact.
- 29         3. As a condition for receipt of center funds under this chapter, a center shall agree to  
30                 contract with an independent accountant annually in an agreed-upon procedures  
31                 engagement and provide the budget section of the legislative management with a

1 report of the results. The agreed-upon procedures report must be provided until the  
2 completion of the commission's postaward monitoring of the center. As a condition for  
3 receipt of center funds under this chapter, a center shall agree to provide the  
4 commission with the information necessary to monitor the postaward activities of the  
5 center.

6 4. Before the commission directs the department to distribute center funds awarded  
7 under this chapter, the center shall provide the commission with detailed  
8 documentation of private sector participation and the availability of two dollars of  
9 matching funds for each dollar of state funds to be distributed. Of the two dollars of  
10 matching funds, at least one dollar must be cash, of which at least fifty cents must be  
11 from the private sector. The matching funds may include funds facilitated through the  
12 collaboration of the private sector participants with other funding entities. The noncash  
13 matching funds may include in-kind assets with itemized value. Private sector  
14 participation may be established through equity investments or through contracts for  
15 services with private sector entities. In making funding recommendations and  
16 designation determinations, the commission shall give major consideration to the  
17 portion of the matching funds provided in cash by the private sector.

18 5. The commission shall direct the department to distribute the center funds awarded  
19 under this chapter in disbursements consistent with the center's budget and timeframe  
20 outlined in the approved award. The commission may not direct distribution of center  
21 funds under this chapter if there are no private sector partners participating or if the  
22 statutorily required matching funds are not available.

23 6. If, before center funds are distributed by the department, a center undergoes a change  
24 in the terms of or assertions made in its application, the commission may direct that  
25 the department withhold all or a portion of any undistributed funds pending  
26 commission review of the changes.

27 7. The commission may use funds appropriated for the centers of research excellence  
28 program to pay for the commissioner's administrative expenses.

29 **Eminent researcher recruitment challenge grants.**

30 As part of the centers of research excellence program, the department of commerce shall  
31 establish and administer an eminent researcher recruitment challenge grant program to provide

1 challenge grants to raise funds to be used by research universities and foundations established  
2 to further the work of such research universities in endowing chairs to attract eminent research  
3 scholars to join the faculties of the research universities. Under this program, the commission  
4 shall make challenge grant award determinations. The commission shall adopt standards  
5 relative to the award of a challenge grant under this section which must require that a  
6 foundation contribute at least fifty percent and not more than seventy-five percent of the total  
7 amount the commission deems necessary to endow a chair. The commission may revise the  
8 contribution formulas at any time in order to maximize the benefits that may result from  
9 endowing one or more chairs in the biennium and depending on the total funds available to the  
10 grant program. In determining whether to make a grant award under this section, the  
11 commission may consider the existing programs of the North Dakota university system, the  
12 necessity for such a chair, and any duplication the creation of the chair might cause.

13 **Centers of research excellence fund - Continuing appropriation.**

14 The centers of research excellence fund is a special fund in the state treasury. All moneys  
15 in the centers of research excellence fund are appropriated to the department of commerce on  
16 a continuing basis for the purpose of implementing and administering this chapter. Interest  
17 earned on moneys in the fund must be credited to the fund.

18 **SECTION 4. CENTERS OF RESEARCH EXCELLENCE INFRASTRUCTURE GRANTS.**

19 The department of commerce shall use \$4,000,000 of the funds transferred to the centers of  
20 research excellence fund for centers of research excellence infrastructure grants during the  
21 biennium beginning July 1, 2011, and ending June 30, 2013. These centers of research  
22 excellence infrastructure grants may be made available to research universities under the  
23 control of the state board of higher education or nonprofit university-related foundations for use  
24 in infrastructure or enhancement of economic development and employment opportunities.  
25 Appropriate use of funds include a base realignment grant to enhance economic development  
26 and employment opportunities associated with the Grand Forks air force base resulting from  
27 action by the federal defense base closure and realignment commission; infrastructure and  
28 economic development projects or programs to accommodate growth in proximity to or at the  
29 Grand Forks air force base; and infrastructure and economic development projects or programs  
30 to enhance the capacity of a research university to interface and collaborate with private  
31 industry on research, development, demonstration, and commercialization of technology. The

1 commissioner of commerce shall develop application criteria, including local support criteria for  
2 requests relating to the Grand Forks air force base; review submitted applications; and  
3 recommend applications for approval to the centers of excellence commission.

4 **SECTION 5. APPROPRIATION.** There is appropriated out of any moneys in the general  
5 fund in the state treasury, not otherwise appropriated, the sum of \$5,000,000, or so much of the  
6 sum as may be necessary, to the department of commerce for the purpose of funding centers of  
7 entrepreneurship excellence grants under section 2 of this Act, for the biennium beginning  
8 July 1, 2011, and ending June 30, 2013.

9 **SECTION 6. APPROPRIATION.** There is appropriated out of any moneys in the general  
10 fund in the state treasury, not otherwise appropriated, the sum of \$10,000,000, or so much of  
11 the sum as may be necessary, to the North Dakota university system for the purpose of funding  
12 the North Dakota experimental program to stimulate competitive research, for the biennium  
13 beginning July 1, 2011, and ending June 30, 2013.

14 **SECTION 7. APPROPRIATION - TRANSFER - CENTERS OF RESEARCH EXCELLENCE**  
15 **FUND.** There is appropriated out of any moneys in the general fund in the state treasury, not  
16 otherwise appropriated, the sum of \$4,000,000, which the office of management and budget  
17 shall transfer to the centers of research excellence fund for the purpose of providing centers of  
18 research excellence infrastructure grants, for the biennium beginning July 1, 2011, and ending  
19 June 30, 2013.

20 **SECTION 8. APPROPRIATION - TRANSFER - WORKFORCE ENHANCEMENT FUND.**  
21 There is appropriated out of any moneys in the general fund in the state treasury, not otherwise  
22 appropriated, the sum of \$2,000,000, which the office of management and budget shall transfer  
23 to the workforce enhancement fund for the purpose of implementing and administering sections  
24 54-60-21 and 54-60-22, for the biennium beginning July 1, 2011, and ending June 30, 2013.

25 **SECTION 9. APPROPRIATION - TRANSFER - CENTERS OF RESEARCH EXCELLENCE**  
26 **FUND.** There is appropriated out of any moneys in the general fund in the state treasury, not  
27 otherwise appropriated, the sum of \$10,000,000, which the office of management and budget  
28 shall transfer to the centers of research excellence fund for the purpose of implementing and  
29 administering the centers of research excellence grants provided for under section 3 of this Act,  
30 for the biennium beginning July 1, 2011, and ending June 30, 2013.

1       **SECTION 10. APPROPRIATION - TRANSFER - CENTERS OF RESEARCH**

2       **EXCELLENCE FUND.** There is appropriated out of any moneys in the general fund in the state  
3 treasury, not otherwise appropriated, the sum of \$2,000,000, which the office of management  
4 and budget shall transfer to the centers of research excellence fund for the purpose of  
5 implementing and administering the eminent researcher recruitment challenge grants provided  
6 for under section 3 of this Act, for the biennium beginning July 1, 2011, and ending June 30,  
7 2013.