

Sixty-fourth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1003

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 create and enact six new sections to chapter 15-10, chapters 15-62.4 and
3 15-62.5, and a new section to chapter 54-10 of the North Dakota Century Code, relating to a
4 unified workforce, vocational, and technical education program system, the workforce education
5 advisory council, the required use of electronic mail, file server administration, database
6 administration, application server, and hosting services, capital project budget requests, audits
7 of higher education computer systems, annual reports regarding scholarships, the student
8 financial assistance program, the scholars program, and higher education audits; to amend and
9 reenact section 15-10-12.1, subsection 3 of section 15-10-17, sections 15-18.2-02, 15-18.2-03,
10 15-18.2-04, 15-18.2-05, 15.1-21-02.6, 54-12-08, and 54-44.1-04, subsection 4 of section
11 54-44.1-06, and section 54-44.1-11 of the North Dakota Century Code, relating to campus
12 building projects and maintenance, legislative authority to set tuition and fees at institutions of
13 higher education, state aid to institutions, career and technical education scholarships,
14 attorneys hired by the state board of higher education, budget requests submitted to the office
15 of the budget, preparation of budget data, and the cancellation of unexpended appropriations;
16 to repeal chapter 15-62.2 of the North Dakota Century Code, relating to the student financial
17 assistance program and the scholars program; to provide for the transfer of funds; to
18 reauthorize projects for North Dakota state university and Minot state university; to provide for
19 budget section reports; to provide for reports to the sixty-fifth legislative assembly; to provide for
20 legislative management reports and studies; to provide an appropriation to the state auditor; to
21 provide an appropriation to the attorney general; to provide a contingent appropriation to the
22 state board of higher education; to provide exemptions; and to declare an emergency.

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

1 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
2 as may be necessary, are appropriated out of any moneys in the general fund in the state
3 treasury, not otherwise appropriated, and from special funds derived from federal funds and
4 other income to the state board of higher education and to the entities and institutions under the
5 supervision of the board, for the purpose of defraying the expenses of the state board of higher
6 education and the entities and institutions under the control of the board, for the biennium
7 beginning July 1, 2015, and ending June 30, 2017, as follows:

8 Subdivision 1.

9 NORTH DAKOTA UNIVERSITY SYSTEM OFFICE

| | | Adjustments or | | |
|----|--|---------------------|----------------------|-------------------|
| | <u>Base Level</u> | <u>Enhancements</u> | <u>Appropriation</u> | |
| 12 | Capital assets - bond payments | \$10,436,045 | (\$2,067,209) | \$8,368,836 |
| 13 | Competitive research program | 7,050,000 | 0 | 7,050,000 |
| 14 | System governance | 12,666,502 | (5,114,727) | 7,551,775 |
| 15 | Title II | 1,006,472 | 0 | 1,006,472 |
| 16 | Core technology services | 38,662,551 | 7,390,980 | 46,053,531 |
| 17 | Student financial assistance grants | 21,245,679 | 4,388,597 | 25,634,276 |
| 18 | Professional student exchange program | 4,275,015 | 0 | 4,275,015 |
| 19 | Academic and technical education | 10,000,000 | 4,997,653 | 14,997,653 |
| 20 | scholarships | | | |
| 21 | Two-year campus marketing | 800,000 | 0 | 800,000 |
| 22 | Scholars program | 2,113,584 | 0 | 2,113,584 |
| 23 | Native American scholarships | 649,267 | 0 | 649,267 |
| 24 | Tribally controlled community college grants | 1,000,000 | (500,000) | 500,000 |
| 25 | Education incentive programs | 3,349,000 | 0 | 3,349,000 |
| 26 | Student mental health | 282,520 | 33,480 | 316,000 |
| 27 | Veterans assistance grants | 325,000 | 0 | 325,000 |
| 28 | Deferred maintenance pool | 0 | 5,000,000 | 5,000,000 |
| 29 | Campus security pool | 0 | 3,000,000 | 3,000,000 |
| 30 | Open education resources training | 0 | 110,000 | 110,000 |
| 31 | Extraordinary repairs pool | <u>0</u> | <u>11,162,008</u> | <u>11,162,008</u> |

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| | | | | |
|---|--------------------------------|------------------|------------------|------------------|
| 1 | Total all funds | \$113,861,635 | \$28,400,782 | \$142,262,417 |
| 2 | Less estimated income | <u>2,299,912</u> | <u>(288,696)</u> | <u>2,011,216</u> |
| 3 | Total general fund | \$111,561,723 | \$28,689,478 | \$140,251,201 |
| 4 | Full-time equivalent positions | 112.91 | (16.52) | 96.39 |

5 Subdivision 2.

6 BISMARCK STATE COLLEGE

| | | | | |
|----|--------------------------------|-------------------|---------------------|----------------------|
| 7 | | | Adjustments or | |
| 8 | | <u>Base Level</u> | <u>Enhancements</u> | <u>Appropriation</u> |
| 9 | Operations | \$32,653,654 | \$3,975,752 | \$36,629,406 |
| 10 | Capital assets | <u>417,673</u> | <u>939,927</u> | <u>1,357,600</u> |
| 11 | Total all funds | \$33,071,327 | \$4,915,679 | \$37,987,006 |
| 12 | Less estimated income | <u>0</u> | <u>0</u> | <u>0</u> |
| 13 | Total general fund | \$33,071,327 | \$4,915,679 | \$37,987,006 |
| 14 | Full-time equivalent positions | 126.96 | 6.57 | 133.53 |

15 Subdivision 3.

16 LAKE REGION STATE COLLEGE

| | | | | |
|----|--------------------------------|-------------------|---------------------|----------------------|
| 17 | | | Adjustments or | |
| 18 | | <u>Base Level</u> | <u>Enhancements</u> | <u>Appropriation</u> |
| 19 | Operations | \$12,429,097 | \$2,844,995 | \$15,274,092 |
| 20 | Capital assets | <u>155,367</u> | <u>(155,367)</u> | <u>0</u> |
| 21 | Total all funds | \$12,584,464 | \$2,689,628 | \$15,274,092 |
| 22 | Less estimated income | <u>0</u> | <u>0</u> | <u>0</u> |
| 23 | Total general fund | \$12,584,464 | \$2,689,628 | \$15,274,092 |
| 24 | Full-time equivalent positions | 40.22 | 9.97 | 50.19 |

25 Subdivision 4.

26 WILLISTON STATE COLLEGE

| | | | | |
|----|-----------------|-------------------|---------------------|----------------------|
| 27 | | | Adjustments or | |
| 28 | | <u>Base Level</u> | <u>Enhancements</u> | <u>Appropriation</u> |
| 29 | Operations | \$12,783,506 | (\$535,584) | \$12,247,922 |
| 30 | Capital assets | <u>197,801</u> | <u>87,199</u> | <u>285,000</u> |
| 31 | Total all funds | \$12,981,307 | (\$448,385) | \$12,532,922 |

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|---|--------------------------------|--------------|-------------|--------------|
| 1 | Less estimated income | <u>0</u> | <u>0</u> | <u>0</u> |
| 2 | Total general fund | \$12,981,307 | (\$448,385) | \$12,532,922 |
| 3 | Full-time equivalent positions | 44.15 | 5.81 | 49.96 |
| 4 | Subdivision 5. | | | |

UNIVERSITY OF NORTH DAKOTA

| | | | | |
|----|--------------------------------|-------------------|---------------------|----------------------|
| 6 | | | Adjustments or | |
| 7 | | <u>Base Level</u> | <u>Enhancements</u> | <u>Appropriation</u> |
| 8 | Operations | \$149,683,005 | \$12,074,256 | \$161,757,261 |
| 9 | Capital assets | <u>4,411,566</u> | <u>57,830,019</u> | <u>62,241,585</u> |
| 10 | Total all funds | \$154,094,571 | \$69,904,275 | \$223,998,846 |
| 11 | Less estimated income | <u>0</u> | <u>0</u> | <u>0</u> |
| 12 | Total general fund | \$154,094,571 | \$69,904,275 | \$223,998,846 |
| 13 | Full-time equivalent positions | 633.60 | (3.40) | 630.20 |
| 14 | Subdivision 6. | | | |

NORTH DAKOTA STATE UNIVERSITY

| | | | | |
|----|--------------------------------|-------------------|---------------------|----------------------|
| 16 | | | Adjustments or | |
| 17 | | <u>Base Level</u> | <u>Enhancements</u> | <u>Appropriation</u> |
| 18 | Operations | \$140,341,540 | \$10,545,417 | \$150,886,957 |
| 19 | Capital assets | <u>2,732,244</u> | <u>(1,140,818)</u> | <u>1,591,426</u> |
| 20 | Total all funds | \$143,073,784 | \$9,404,599 | \$152,478,383 |
| 21 | Less estimated income | <u>0</u> | <u>0</u> | <u>0</u> |
| 22 | Total general fund | \$143,073,784 | \$9,404,599 | \$152,478,383 |
| 23 | Full-time equivalent positions | 491.21 | 45.89 | 537.10 |
| 24 | Subdivision 7. | | | |

NORTH DAKOTA STATE COLLEGE OF SCIENCE

| | | | | |
|----|-----------------------|-------------------|---------------------|----------------------|
| 26 | | | Adjustments or | |
| 27 | | <u>Base Level</u> | <u>Enhancements</u> | <u>Appropriation</u> |
| 28 | Operations | \$38,181,456 | \$3,511,925 | \$41,693,381 |
| 29 | Capital assets | <u>1,012,379</u> | <u>(737,281)</u> | <u>275,098</u> |
| 30 | Total all funds | \$39,193,835 | \$2,774,644 | \$41,968,479 |
| 31 | Less estimated income | <u>0</u> | <u>0</u> | <u>0</u> |

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|---|--------------------------------|--------------|-------------|--------------|
| 1 | Total general fund | \$39,193,835 | \$2,774,644 | \$41,968,479 |
| 2 | Full-time equivalent positions | 171.87 | (3.57) | 168.30 |
| 3 | Subdivision 8. | | | |

DICKINSON STATE UNIVERSITY

| | | | Adjustments or | |
|----|--------------------------------|-------------------|---------------------|----------------------|
| | | <u>Base Level</u> | <u>Enhancements</u> | <u>Appropriation</u> |
| 7 | Operations | \$26,299,227 | (\$1,096,445) | \$25,202,782 |
| 8 | Capital assets | <u>409,078</u> | <u>(409,078)</u> | <u>0</u> |
| 9 | Total all funds | \$26,708,305 | (\$1,505,523) | \$25,202,782 |
| 10 | Less estimated income | <u>0</u> | <u>0</u> | <u>0</u> |
| 11 | Total general fund | \$26,708,305 | (\$1,505,523) | \$25,202,782 |
| 12 | Full-time equivalent positions | 100.32 | 19.94 | 120.26 |
| 13 | Subdivision 9. | | | |

MAYVILLE STATE UNIVERSITY

| | | | Adjustments or | |
|----|--------------------------------|-------------------|---------------------|----------------------|
| | | <u>Base Level</u> | <u>Enhancements</u> | <u>Appropriation</u> |
| 17 | Operations | \$14,364,424 | \$623,654 | \$14,988,078 |
| 18 | Capital assets | <u>358,992</u> | <u>(130,707)</u> | <u>228,285</u> |
| 19 | Total all funds | \$14,723,416 | \$492,947 | \$15,216,363 |
| 20 | Less estimated income | <u>0</u> | <u>0</u> | <u>0</u> |
| 21 | Total general fund | \$14,723,416 | \$492,947 | \$15,216,363 |
| 22 | Full-time equivalent positions | 62.78 | 3.45 | 66.23 |
| 23 | Subdivision 10. | | | |

MINOT STATE UNIVERSITY

| | | | Adjustments or | |
|----|-----------------------|-------------------|---------------------|----------------------|
| | | <u>Base Level</u> | <u>Enhancements</u> | <u>Appropriation</u> |
| 27 | Operations | \$43,810,211 | \$2,980,534 | \$46,790,745 |
| 28 | Capital assets | <u>899,620</u> | <u>(899,620)</u> | <u>0</u> |
| 29 | Total all funds | \$44,709,831 | \$2,080,914 | \$46,790,745 |
| 30 | Less estimated income | <u>0</u> | <u>0</u> | <u>0</u> |

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|---|--------------------------------|--------------|-------------|--------------|
| 1 | Total general fund | \$44,709,831 | \$2,080,914 | \$46,790,745 |
| 2 | Full-time equivalent positions | 201.76 | 2.34 | 204.10 |
| 3 | Subdivision 11. | | | |

VALLEY CITY STATE UNIVERSITY

| | | | Adjustments or | |
|----|--------------------------------|----------------|---------------------|----------------------|
| | <u>Base Level</u> | | <u>Enhancements</u> | <u>Appropriation</u> |
| 7 | Operations | \$20,691,135 | \$1,215,404 | \$21,906,539 |
| 8 | Capital assets | <u>408,319</u> | <u>(165,081)</u> | <u>243,238</u> |
| 9 | Total all funds | \$21,099,454 | \$1,050,323 | \$22,149,777 |
| 10 | Less estimated income | <u>0</u> | <u>0</u> | <u>0</u> |
| 11 | Total general fund | \$21,099,454 | \$1,050,323 | \$22,149,777 |
| 12 | Full-time equivalent positions | 97.29 | 8.30 | 105.59 |
| 13 | Subdivision 12. | | | |

DAKOTA COLLEGE AT BOTTINEAU

| | | | Adjustments or | |
|----|--------------------------------|----------------|---------------------|----------------------|
| | <u>Base Level</u> | | <u>Enhancements</u> | <u>Appropriation</u> |
| 17 | Operations | \$7,892,043 | (\$18,821) | \$7,873,222 |
| 18 | Capital assets | <u>114,007</u> | <u>(85,550)</u> | <u>28,457</u> |
| 19 | Total all funds | \$8,006,050 | (\$104,371) | \$7,901,679 |
| 20 | Less estimated income | <u>0</u> | <u>0</u> | <u>0</u> |
| 21 | Total general fund | \$8,006,050 | (\$104,371) | \$7,901,679 |
| 22 | Full-time equivalent positions | 36.12 | 10.84 | 46.96 |
| 23 | Subdivision 13. | | | |

UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH SCIENCES

| | | | Adjustments or | |
|----|--------------------------------|---------------------|---------------------|----------------------|
| | <u>Base Level</u> | | <u>Enhancements</u> | <u>Appropriation</u> |
| 27 | Operations | <u>\$52,762,590</u> | <u>\$19,511,649</u> | <u>\$72,274,239</u> |
| 28 | Total all funds | \$52,762,590 | \$19,511,649 | \$72,274,239 |
| 29 | Less estimated income | <u>0</u> | <u>0</u> | <u>0</u> |
| 30 | Total general fund | \$52,762,590 | \$19,511,649 | \$72,274,239 |
| 31 | Full-time equivalent positions | 156.55 | 28.03 | 184.58 |

1 Subdivision 14.

2 NORTH DAKOTA FOREST SERVICE

| | | Adjustments or | |
|-----------------------------------|-------------------|---------------------|----------------------|
| | <u>Base Level</u> | <u>Enhancements</u> | <u>Appropriation</u> |
| 4 Operations | \$6,249,979 | \$326,982 | \$6,576,961 |
| 6 Capital assets | <u>101,210</u> | <u>(44,962)</u> | <u>56,248</u> |
| 7 Total all funds | \$6,351,189 | \$282,020 | \$6,633,209 |
| 8 Less estimated income | <u>1,650,000</u> | <u>0</u> | <u>1,650,000</u> |
| 9 Total general fund | \$4,701,189 | \$282,020 | \$4,983,209 |
| 10 Full-time equivalent positions | 29.00 | (0.04) | 28.96 |

11 Subdivision 15.

12 BILL TOTAL

| | | Adjustments or | |
|------------------------------|-------------------|---------------------|----------------------|
| | <u>Base Level</u> | <u>Enhancements</u> | <u>Appropriation</u> |
| 15 Grand total general fund | \$679,271,846 | \$142,614,291 | \$821,886,137 |
| 16 Grand total special funds | <u>3,949,912</u> | <u>(288,696)</u> | <u>3,661,216</u> |
| 17 Grand total all funds | \$683,221,758 | \$142,325,595 | \$825,547,353 |

18 **SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO**

19 **SIXTY-FIFTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding
20 items approved by the sixty-third legislative assembly for the 2013-15 biennium and the
21 2015-17 one-time funding items included in the appropriation in section 1 of this Act:

| | <u>One-Time Funding Description</u> | <u>2013-15</u> | <u>2015-17</u> |
|--|-------------------------------------|----------------|----------------|
| 23 Capital projects - general fund | | \$155,691,350 | \$62,000,000 |
| 24 Capital projects - other funds | | 168,531,029 | 0 |
| 25 Capital projects contingency pool | | 5,483,413 | 0 |
| 26 Special assessment payoff | | 0 | 4,250,689 |
| 27 Campus security pool | | 0 | 3,000,000 |
| 28 CTS technology projects | | 0 | 2,821,500 |
| 29 Open education resource training | | 0 | 110,000 |
| 30 Theodore Roosevelt center | | 6,000,000 | 0 |
| 31 Williston state college workforce training facility | | 2,500,000 | 0 |

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|----|--|--------------------|--------------|
| 1 | Campus deferred maintenance projects | 440,000 | 0 |
| 2 | Performance funding pool | 5,000,000 | 0 |
| 3 | Dickinson state university operating funds | 800,000 | 0 |
| 4 | Minot state university flood recovery funds | 2,500,000 | 0 |
| 5 | Dakota college at Bottineau - campus software updates | 28,500 | 0 |
| 6 | Deferred maintenance pool | 10,000,000 | 5,000,000 |
| 7 | Education challenge fund | 29,000,000 | 0 |
| 8 | School of medicine and health sciences residency positions | 0 | 4,700,000 |
| 9 | Health care workforce initiative | 7,414,806 | 13,814,806 |
| 10 | Master plan and space utilization study | <u>1,000,000</u> | <u>0</u> |
| 11 | Total all funds | \$394,389,098 | \$95,696,995 |
| 12 | Total other funds | <u>171,031,029</u> | <u>0</u> |
| 13 | Total general fund | \$223,358,069 | \$95,696,995 |

14 The 2015-17 one-time funding amounts are not a part of the entity's base budget for the
15 2017-19 biennium. The North Dakota university system shall report to the appropriations
16 committees of the sixty-fifth legislative assembly on the use of this one-time funding for the
17 biennium beginning July 1, 2015, and ending June 30, 2017.

18 **SECTION 3. CONTINGENT APPROPRIATION - LEGISLATIVE MANAGEMENT REPORT.**

19 There is appropriated out of any moneys in the general fund in the state treasury, not otherwise
20 appropriated, the sum of \$50,000, or so much of the sum as may be necessary, to the state
21 board of higher education for the unified workforce, vocational, and technical education program
22 system, for the biennium beginning July 1, 2015, and ending June 30, 2017. The funding
23 provided in this section is available only if the state board of higher education certifies to the
24 office of management and budget that a unified workforce, vocational, and technical program
25 system has been established. The board shall provide reports to the legislative management on
26 the status of the development of the unified system.

27 **SECTION 4. APPROPRIATION - STATE AUDITOR.** There is appropriated out of any
28 moneys in the general fund in the state treasury, not otherwise appropriated, the sum of
29 \$1,221,914, or so much of the sum as may be necessary, to the state auditor for the purpose of
30 conducting audits of institutions and entities under the control of the state board of higher

1 education, for the biennium beginning July 1, 2015, and ending June 30, 2017. The state
2 auditor is authorized six full-time equivalent positions for higher education audit purposes.

3 **SECTION 5. APPROPRIATION - ATTORNEY GENERAL.** There is appropriated out of any
4 moneys in the general fund in the state treasury, not otherwise appropriated, the sum of
5 \$1,604,500, or so much of the sum as may be necessary, to the attorney general for the
6 purpose of providing legal services for the state board of higher education and institutions and
7 entities under the control of the board, for the biennium beginning July 1, 2015, and ending
8 June 30, 2017. The attorney general is authorized six full-time equivalent positions for the
9 purpose of providing legal services to the state board of higher education and institutions and
10 entities under the control of the board.

11 **SECTION 6. AMENDMENT.** Section 15-10-12.1 of the North Dakota Century Code is
12 amended and reenacted as follows:

13 **15-10-12.1. Acceptance of buildings and campus improvements - Legislative**
14 **approval.**

15 The state board of higher education may authorize campus improvements and building
16 maintenance on land under the control of the board ~~which are financed by donations, gifts,~~
17 ~~grants, and bequests~~ if the cost of the improvement or building maintenance is not more than
18 three hundred eighty-five thousand dollars. The consent of the legislative assembly is required
19 for the construction, purchase, or receipt of any building ~~financed by donations, gifts, grants,~~
20 ~~and bequests~~ and for campus improvements or building maintenance ~~financed by donations,~~
21 ~~gifts, grants, and bequests~~ if the cost or estimated cost of the building, improvements, or
22 maintenance is more than three hundred eighty-five thousand dollars. During the time the
23 legislative assembly is not in session, except for the six months preceding the convening of a
24 regular session and the three months following the close of a regular session, and unless
25 otherwise restricted by previous legislative action or other law, the state board of higher
26 education, with the approval of the budget section of the legislative management, may authorize
27 ~~the use of land under the control of the board and construct buildings financed by donations,~~
28 ~~gifts, grants, and bequests~~ construction, purchase, or receipt of any building and may authorize
29 campus improvements and building maintenance ~~financed by donations, gifts, grants, and~~
30 ~~bequests~~ and if the cost or estimated cost of the building, improvement, or maintenance is more
31 than three hundred eighty-five thousand dollars. The budget section approval must include a

1 specific dollar limit for each building, campus improvement project, or maintenance project. The
2 state board of higher education may authorize the sale of any real property or buildings which
3 an institution of higher learning has received by gift or bequest. The board shall prescribe such
4 conditions for the sale of the property as it determines necessary. The conditions must include
5 requiring an appraisal and public auction or advertisement for bids, unless the gift instrument
6 requires a different process. If the state board of higher education submits a request for campus
7 improvements, building maintenance, or to construct buildings under this section to the budget
8 section for approval, the legislative council shall notify each member of the legislative assembly
9 of the date of the budget section meeting at which the request will be considered and provide a
10 copy of the meeting agenda to each member of the legislative assembly. The chairman of the
11 budget section shall allow any member of the legislative assembly an opportunity to present
12 testimony to the budget section regarding any such request.

13 **SECTION 7. AMENDMENT.** Subsection 3 of section 15-10-17 of the North Dakota Century
14 Code is amended and reenacted as follows:

- 15 3. a. SetCharge tuition and fees in the amounts established by the legislative
16 assembly.
17 b. Charge fees subject to any statutory limitations or requirements.

18 **SECTION 8.** A new section to chapter 15-10 of the North Dakota Century Code is created
19 and enacted as follows:

20 **Capital project requests - Maintenance reserve account.**

21 Every new building project funding request and building maintenance funding request
22 submitted for approval to the legislative assembly or to the budget section of the legislative
23 management under section 15-10-12.1 must conform to campus master plan and space
24 utilization studies completed by or for the state board of higher education. Each new building
25 project request exceeding five million dollars must include a funding request for future
26 maintenance costs equal to three percent of the project cost. The future maintenance funds
27 must be deposited in an account under the control of the state board of higher education to be
28 used only for future maintenance costs of buildings subject to this section.

29 **SECTION 9.** A new section to chapter 15-10 of the North Dakota Century Code is created
30 and enacted as follows:

1 **Required use of electronic mail, file server administration, database administration,**
2 **application server, and hosting services.**

3 Each institution and entity under the control of the state board of higher education shall
4 obtain electronic mail, file server administration, database administration, storage, application
5 server, and hosting services through a delivery system established by the board. The board
6 shall establish policies and guidelines for the delivery of services, including the transition from
7 existing systems to functional consolidation, with consideration given to the creation of
8 efficiencies, cost-savings, and improved quality of service.

9 **SECTION 10.** A new section to chapter 15-10 of the North Dakota Century Code is created
10 and enacted as follows:

11 **Audits of computer systems - Penalty.**

- 12 1. Any auditor hired to conduct audits of the state board of higher education and the
13 entities under the control and supervision of the board may:
- 14 a. Conduct a review and assessment of any computer system or related security
15 system of the state board of higher education or any entity under the control and
16 supervision of the board. A review and assessment under this section may
17 include an assessment of system vulnerability, network penetration, any potential
18 security breach, and the susceptibility of the system to cyber attack or cyber
19 fraud.
- 20 b. Disclose the findings of a review and assessment to an individual or committee
21 designated by the state board of higher education or to the board. Any record
22 relating to a review and assessment, including a working paper or preliminary
23 draft of a review and assessment report and a report of the findings of a review
24 and assessment, and any record that may cause or perpetuate vulnerability of a
25 computer system or related security system which is obtained or created during a
26 review and assessment is an exempt record.
- 27 c. In conjunction with the state board of higher education or a committee designated
28 by the board, procure the services of a specialist in information security systems
29 or any other contractor deemed necessary in conducting a review and
30 assessment under this section.

1 2. Any person hired or contracted to provide services in relation to a review and
2 assessment under this section is subject to the privacy and confidentiality provisions of
3 subsection 1 and any other section of law, including section 44-04-27, and for the
4 purposes of section 12.1-13-01, is a public servant.

5 **SECTION 11.** A new section to chapter 15-10 of the North Dakota Century Code is created
6 and enacted as follows:

7 **Unified workforce, vocational, and technical education program system.**

8 The state board of higher education shall establish and maintain a unified system to offer
9 workforce training, vocational education, and technical education programs at institutions under
10 its control. The board shall periodically review programs offered by institutions under its control
11 and revise program offerings based on the workforce needs of the state identified by the
12 workforce education advisory council. The board shall develop administrative arrangements that
13 make possible the efficient use of facilities and staff. The board shall limit administrative costs
14 by eliminating duplicative administrative positions.

15 **SECTION 12.** A new section to chapter 15-10 of the North Dakota Century Code is created
16 and enacted as follows:

17 **Workforce education advisory council - Membership - Duties.**

18 The state board of higher education shall establish a workforce education advisory council
19 to advise the board regarding skills and qualifications needed for workforce training, vocational,
20 and technical education programs offered at institutions under the control of the board. The
21 council is composed of a representative of the department of career and technical education, a
22 representative of job service North Dakota, a representative of the department of commerce,
23 and eight members representing business and industry in the state. The eight members
24 representing business and industry shall be appointed by the chairman of the legislative
25 management. The North Dakota university system office shall provide staff services for the
26 advisory council and members of the council who are not employees of the state are entitled to
27 expense reimbursement from the board, as provided by law for state officers, for attending
28 meetings of the council.

29 **SECTION 13.** A new section to chapter 15-10 of the North Dakota Century Code is created
30 and enacted as follows:

1 **Annual report - Scholarships.**

2 The state board of higher education shall provide to the legislative management an annual
3 report regarding the number of North Dakota academic scholarships and career and technical
4 education scholarships provided and demographic information pertaining to the recipients.

5 **SECTION 14. AMENDMENT.** Section 15-18.2-02 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **15-18.2-02. Weighted credit-hours - Determination - Instructional program**
8 **classification factors - Submission to legislative management.**

9 1. In order to determine the weighted credit-hours for each institution under its control,
10 the state board of higher education shall multiply each of an institution's completed
11 credit-hours, as determined under section 15-18.2-01, by an instructional program
12 classification factor, as set forth in this section.

13 a. The factors for credits completed in agriculture are:

- 14 (1) 1.9 for lower division credits;
15 (2) 3.8 for upper division credits;
16 (3) 5.7 for professional level credits; and
17 (4) 7.6 for graduate level credits.

18 b. The factors for credits completed in architecture are:

- 19 (1) 1.8 for lower division credits;
20 (2) 3.6 for upper division credits;
21 (3) 5.4 for professional level credits; and
22 (4) 7.2 for graduate level credits.

23 c. The factors for credits completed in ~~aviation~~transportation are:

- 24 (1) 1.9 for lower division credits;
25 (2) 3.8 for upper division credits;
26 (3) 5.7 for professional level credits; and
27 (4) 7.6 for graduate level credits.

28 d. The factors for credits completed in the biological and physical sciences are:

- 29 (1) 1.9 for lower division credits;
30 (2) 3.8 for upper division credits;
31 (3) 5.7 for professional level credits; and

- 1 (4) 7.6 for graduate level credits.
- 2 e. The factors for credits completed in business are:
- 3 (1) 1.9 for lower division credits;
- 4 (2) 3.8 for upper division credits;
- 5 (3) 5.7 for professional level credits; and
- 6 (4) 7.6 for graduate level credits.
- 7 f. The factors for credits completed in education are:
- 8 (1) 1.9 for lower division credits;
- 9 (2) 3.8 for upper division credits;
- 10 (3) 5.7 for professional level credits; and
- 11 (4) 7.6 for graduate level credits.
- 12 g. The factors for credits completed in engineering are:
- 13 (1) 2.5 for lower division credits;
- 14 (2) 5.0 for upper division credits;
- 15 (3) 7.5 for professional level credits; and
- 16 (4) 10.0 for graduate level credits.
- 17 h. The factors for credits completed in the health sciences are:
- 18 (1) 3.0 for lower division credits;
- 19 (2) 6.0 for upper division credits;
- 20 (3) 9.0 for professional level credits;
- 21 (4) 12.0 for graduate level credits; and
- 22 (5) 38.0 for medical school credits.
- 23 i. The factors for credits completed in legal studies are:
- 24 (1) 3.5 for lower division credits;
- 25 (2) 7.0 for upper division credits;
- 26 (3) 10.5 for professional level credits; and
- 27 (4) 14.0 for graduate level credits.
- 28 j. The factors for credits completed in the core disciplines are:
- 29 (1) 1.0 for lower division credits;
- 30 (2) 2.0 for upper division credits;
- 31 (3) 3.0 for professional level credits; and

- 1 (4) 4.0 for graduate level credits.
- 2 k. The factor for credits completed in career and technical education is 2.0.
- 3 l. The factor for completed remedial~~basic skills~~ credits is ~~2.31.0~~.
- 4 2. a. The state board of higher education shall ensure that all delineations in this
- 5 section reflect the requirements of a nationally recognized and standardized
- 6 instructional program classification system.
- 7 b. Before adopting any changes to the delineations implemented in accordance with
- 8 this section, the state board of higher education shall present the proposed
- 9 changes to and receive the approval of the legislative management.

10 **SECTION 15. AMENDMENT.** Section 15-18.2-03 of the North Dakota Century Code is

11 amended and reenacted as follows:

12 **15-18.2-03. Credit completion factor - Determination.**

- 13 1. ~~For~~Except as provided in subsections 2 and 3 of this section, for each institution under
- 14 its control, the state board of higher education shall multiply the product determined
- 15 under section 15-18.2-02 by a factor of:
- 16 a. ~~1.00 if the number of credit hours is at least 100,000;~~
- 17 b. ~~1.05 if the number of credit hours is at least 95,000 but less than 100,000;~~
- 18 c. ~~1.10 if the number of credit hours is at least 90,000 but less than 95,000;~~
- 19 d. ~~1.15 if the number of credit hours is at least 85,000 but less than 90,000;~~
- 20 e. ~~1.20 if the number of credit hours is at least 80,000 but less than 85,000;~~
- 21 f. ~~1.25 if the number of credit hours is at least 75,000 but less than 80,000;~~
- 22 g. ~~1.30 if the number of credit hours is at least 70,000 but less than 75,000;~~
- 23 h. ~~1.35 if the number of credit hours is at least 65,000 but less than 70,000;~~
- 24 i. ~~1.40 if the number of credit hours is at least 60,000 but less than 65,000;~~
- 25 j. ~~1.45 if the number of credit hours is at least 55,000 but less than 60,000;~~
- 26 k. ~~1.50 if the number of credit hours is at least 50,000 but less than 55,000;~~
- 27 l. ~~1.55 if the number of credit hours is at least 45,000 but less than 50,000;~~
- 28 m. ~~1.60 if the number of credit hours is at least 40,000 but less than 45,000;~~
- 29 n. ~~1.65 if the number of credit hours is at least 35,000 but less than 40,000;~~
- 30 o. ~~1.70 if the number of credit hours is at least 30,000 but less than 35,000;~~
- 31 p. ~~1.75 if the number of credit hours is at least 25,000 but less than 30,000;~~

- 1 q. ~~1.80 if the number of credit-hours is at least 20,000 but less than 25,000;~~
2 f. ~~1.85 if the number of credit-hours is at least 15,000 but less than 20,000;~~
3 s. ~~1.90 if the number of credit-hours is at least 10,000 but less than 15,000;~~
4 t. ~~1.95 if the number of credit-hours is at least 5,000 but less than 10,000; and~~
5 u. ~~2.00 if the number of credit-hours is less than 5,000.~~
6 a. 1.00 if the number of credit-hours is at least 1,000,000;
7 b. 1.10 if the number of credit-hours is at least 400,000 but less than 1,000,000;
8 c. 1.15 if the number of credit-hours is at least 200,000 but less than 400,000;
9 d. 1.35 if the number of credit-hours is at least 100,000 but less than 200,000;
10 e. 1.50 if the number of credit-hours is at least 50,000 but less than 100,000; and
11 f. 1.75 if the number of credit-hours is less than 50,000.
12 2. If the square footage of an institution, when divided by the institution's weighted credit-
13 hours results in a quotient greater than 5.00, the state board of higher education shall
14 multiply the product determined under section 15-18.2-02 by a factor of 1.00. For
15 purposes of this subsection, the square footage of an institution includes real property
16 as determined by the state board of higher education in accordance with section
17 15-18.2-04.
18 3. If the number of credit-hours completed by an institution causes a decrease in the
19 credit completion factor for that institution, the new credit completion factor shall not be
20 in effect for calculation purposes for the first two fiscal years following the change.
21 4. For purposes of this section, the number of credit-hours must be those determined by
22 the state board of higher education in accordance with section 15-18.2-01.

23 **SECTION 16. AMENDMENT.** Section 15-18.2-04 of the North Dakota Century Code is
24 amended and reenacted as follows:

25 **15-18.2-04. Institutional size factor - Determination.**

- 26 1. For each institution under its control, the state board of higher education shall multiply
27 the product determined under section 15-18.2-03 by a size factor of:
28 a. 1.0 if the square footage of the institution, when divided by the institution's
29 weighted credit-hours results in a quotient of less than 5.00; or
30 b. ~~4.81.7~~ if the square footage of the institution, when divided by the institution's
31 weighted credit-hours results in a quotient of 5.00 or more.

- 1 2. For purposes of this section, an institution's square footage:
- 2 a. Includes all real property owned by the state within an institution's perimeter,
- 3 except for agricultural experiment stations, agricultural research extension
- 4 centers, technology parks, and state agencies; and
- 5 b. Is determined as of June thirtieth in each odd-numbered year.

6 **SECTION 17. AMENDMENT.** Section 15-18.2-05 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **15-18.2-05. Base funding - Determination of state aid.**

9 In order to determine the state aid payment to which each institution under its control is
10 entitled, the state board of higher education shall multiply the product determined under section
11 15-18.2-04 by a base amount of:

- 12 1. ~~\$66.35~~\$71.00 in the case of North Dakota state university and the university of North
13 Dakota;
- 14 2. ~~\$95.57~~\$105.10 in the case of Dickinson state university, Mayville state university,
15 Minot state university, and Valley City state university; and
- 16 3. ~~\$98.75 in the case of Minot state university;~~
- 17 4. ~~\$101.73~~\$112.46 in the case of Bismarck state college, Dakota college at Bottineau,
18 Lake Region state college, and North Dakota state college of science; ~~and~~
- 19 5. ~~\$104.88 in the case of Williston state college.~~

20 **SECTION 18.** Chapter 15-62.4 of the North Dakota Century Code is created and enacted
21 as follows:

22 **15-62.4-01. Student financial assistance program.**

23 The state board of higher education shall administer the North Dakota student financial
24 assistance program for the purpose of providing a grant to an individual who demonstrates
25 significant financial need and who:

- 26 1. a. Graduated from a high school in this state;
- 27 b. Graduated from a high school in a bordering state, pursuant to chapter 15.1-29;
- 28 c. Graduated from a nonpublic high school in a bordering state while residing with a
29 custodial parent in this state; or
- 30 d. Completed a program of home education supervised in accordance with chapter
31 15.1-23;

- 1 2. a. Is enrolled at an accredited institution of higher education in this state, provided
2 the institution offers a program of instruction equal to at least two academic
3 years; or
- 4 b. Because of a medically certifiable disability is enrolled at an accredited institution
5 of higher education outside of this state which offers the individual special
6 services or facilities not available in this state, provided the institution offers a
7 program of instruction equal to at least two academic years; and
- 8 3. Is pursuing a course of study determined by the state board of higher education to be
9 at least quarter-time.

10 **15-62.4-02. Student financial assistance program - Criteria and procedures.**

11 The state board of higher education shall adopt:

- 12 1. Criteria governing the application process;
- 13 2. Criteria governing the determination of financial need, which must include
14 consideration of parental contributions to educational expenses;
- 15 3. Criteria governing the selection process; and
- 16 4. Procedures for providing fiscal control, fund accounting, and reports.

17 **15-62.4-03. Student financial assistance program - Grants.**

- 18 1. The state board of higher education shall provide to each eligible student a financial
19 assistance grant in an amount not exceeding:
 - 20 a. Nine hundred seventy-five dollars per semester; or
 - 21 b. Six hundred fifty dollars per quarter.
- 22 2. a. A student is not entitled to receive grants under this chapter for more than the
23 equivalent of:
 - 24 (1) Eight semesters of full-time enrollment; or
 - 25 (2) Twelve quarters of full-time enrollment.
- 26 b. Notwithstanding subdivision a, a student is not entitled to receive a grant under
27 this chapter after the student obtains a baccalaureate degree.
- 28 3. The board shall forward grants payable under this chapter directly to the institution in
29 which the student is enrolled.

30 **15-62.4-04. Student financial assistance program - Advisory board.**

- 31 1. The student financial assistance advisory board is created for the purposes of:

- 1 a. Providing advice to the state board of higher education regarding the student
2 financial assistance program; and
3 b. Functioning as a liaison between the state board of higher education and the
4 institutions of higher education participating in the student financial assistance
5 program.
6 2. a. The student financial assistance advisory board consists of:
7 (1) Three financial aid officers;
8 (2) A chief financial officer;
9 (3) A high school counselor; and
10 (4) A student enrolled at an institution of higher education in this state.
11 b. All members must be appointed by the state board of higher education.
12 c. All members other than the student must be employed by an educational
13 institution in this state.
14 d. No more than one member may be employed by the same educational institution
15 as another member.
16 3. The state board of higher education shall determine the terms of the student financial
17 assistance advisory board members and establish any necessary rules of operation
18 and procedure.
19 4. Each member of the student financial assistance advisory board is entitled to
20 reimbursement for expenses, as provided by law for state officers, if the member is
21 attending meetings or performing duties directed by the advisory board.

22 **15-62.4-05. Student financial assistance program - Gifts and grants - Acceptance.**

23 The state board of higher education may receive, administer, and expend moneys from
24 public and private sources for the purposes of this chapter.

25 **SECTION 19.** Chapter 15-62.5 of the North Dakota Century Code is created and enacted
26 as follows:

27 **15-62.5-01. Scholars program.**

28 The state board of higher education shall administer the scholars program for the purpose
29 of providing a merit-based scholarship to an individual who:

- 30 1. a. Graduated from a high school in this state;
31 b. Graduated from a high school in a bordering state, pursuant to chapter 15.1-29;

- 1 c. Graduated from a nonpublic high school in a bordering state while residing with a
2 custodial parent in this state; or
- 3 d. Completed a program of home education supervised in accordance with chapter
4 15.1-23;
- 5 2. On the ACT, achieved composite scores that ranked the individual at or above the
6 ninety-fifth percentile among those who took the ACT prior to July first in the calendar
7 year preceding the individual's enrollment;
- 8 3. a. Is enrolled at an accredited institution of higher education in this state that offers
9 a program of instruction equal to at least two academic years;
- 10 b. Because of a medically certifiable disability is enrolled at an accredited institution
11 of higher education outside of this state that offers the individual special services
12 or facilities not available in this state, provided the institution offers a program of
13 instruction equal to at least two academic years; and
- 14 4. Is pursuing a course of study determined by the board to be full-time.

15 **15-62.5-02. Scholars program - Criteria and procedures.**

16 The state board of higher education shall adopt:

- 17 1. Criteria governing the application process;
- 18 2. Criteria governing the selection process, within the requirements of section
19 15-62.5-03; and
- 20 3. Procedures for providing fiscal control, fund accounting, and reports.

21 **15-62.5-03. Scholars program - Ranking and selection of recipients.**

- 22 1. The state board of higher education shall rank scholars program applicants by their
23 ACT composite scores.
- 24 2. If two or more applicants have the same composite scores, they must be ranked by
25 the numeric sum of their four scale scores on the ACT.
- 26 3. If two or more applicants have the same composite scores and the same numeric sum
27 of the four scale scores, they must be ranked by the numeric sum of their English and
28 mathematics scores.
- 29 4. The state board of higher education may establish additional criteria to rank applicants
30 who have the same numeric sum of their English and mathematics scores.

1 5. Scholarships must be offered to applicants in descending order according to this
2 ranking until available funds have been expended or until the pool of applicants has
3 been exhausted.

4 **15-62.5-04. Scholars program - Scholarship amounts - Stipends.**

5 1. a. Each semester, the state board of higher education shall provide to an eligible
6 student a scholarship in an amount not exceeding the tuition charged at the
7 institution in which the student is enrolled, provided the amount may not exceed
8 the highest undergraduate semester tuition charged at an institution of higher
9 education under the control of the state board of higher education.

10 b. Each quarter the state board of higher education shall provide to an eligible
11 student a scholarship in an amount not exceeding the tuition charged per quarter
12 at the institution in which the student is enrolled, provided the amount may not
13 exceed two-thirds of the highest undergraduate semester tuition charged at an
14 institution of higher education under the control of the state board of higher
15 education.

16 c. For purposes of this subsection, the rates are calculated using a traditional fall
17 and spring academic year.

18 2. The scholarships provided for under this section are conditioned on the student
19 maintaining a 3.5 cumulative grade point average, based on a 4.0 grading system.

20 3. Any student eligible for a scholarship under this section is also eligible for a stipend in
21 an amount not exceeding two thousand dollars annually. The state board of higher
22 education may distribute the stipend on a semester or a quarter basis.

23 4. a. A student is not entitled to receive scholarships under this chapter for more than
24 the equivalent of:

25 (1) Eight semesters of full-time enrollment; or

26 (2) Twelve quarters of full-time enrollment.

27 b. Notwithstanding subdivision a, a student is not entitled to receive a scholarship
28 under this chapter after the student obtains a baccalaureate degree.

29 5. The state board of higher education shall forward scholarships and stipends payable
30 under this chapter directly to the institution in which the student is enrolled.

1 **15-62.5-05. Use of scholarships and stipends - Refund policy.**

2 Scholarships and stipends awarded under this chapter may be applied to defray tuition
3 charges, fees, room and board charges, and the cost of books and supplies, and for any other
4 expenses incidental to attending an institution of higher education. If an individual discontinues
5 attendance before the completion of any semester or quarter for which a scholarship or stipend
6 has been received, the individual is subject to the refund or repayment policy of the institution at
7 which the individual was enrolled.

8 **SECTION 20. AMENDMENT.** Section 15.1-21-02.6 of the North Dakota Century Code is
9 amended and reenacted as follows:

10 **15.1-21-02.6. North Dakota scholarship - Amount - Applicability.**

11 1. a. (1) The state board of higher education shall provide to any student who
12 graduates from high school before the 2014-15 school year and who is
13 certified as being eligible by the superintendent of public instruction either a
14 North Dakota academic scholarship or a North Dakota career and technical
15 education scholarship in the amount of seven hundred fifty dollars for each
16 semester during which the student is enrolled full time at an accredited
17 institution of higher education in this state and maintains a cumulative grade
18 point average of at least 2.75 on a 4.0 scale.

19 b. (2) The state board of higher education shall provide to any student who
20 graduates from high school before the 2014-15 school year and who is
21 certified as being eligible by the superintendent of public instruction either a
22 North Dakota academic scholarship or a North Dakota career and technical
23 education scholarship in the amount of five hundred dollars for each quarter
24 during which the student is enrolled full time at an accredited institution of
25 higher education in this state and maintains a cumulative grade point
26 average of at least 2.75 on a 4.0 scale.

27 b. (1) The state board of higher education shall provide to any student who
28 graduates from high school during or after the 2014-15 school year and who
29 is certified as being eligible by the superintendent of public instruction either
30 a North Dakota academic scholarship or a North Dakota career and
31 technical education scholarship, in the amount of nine hundred seventy-five

- 1 dollars each semester during which the student is enrolled full time at an
2 accredited institution of higher education in this state and maintains a
3 cumulative grade point average of at least 2.75 on a 4.0 grading scale.
- 4 (2) The state board of higher education shall provide to any student who
5 graduates from high school during or after the 2014-15 school year and who
6 is certified as being eligible by the superintendent of public instruction either
7 a North Dakota academic scholarship or a North Dakota career and
8 technical education scholarship, in the amount of six hundred fifty dollars for
9 each quarter during which the student is enrolled full time at an accredited
10 institution of higher education in this state and maintains a cumulative grade
11 point average of at least 2.75 on a 4.0 grading scale.
- 12 2. The state board shall monitor each scholarship recipient to ensure that the student
13 meets the academic and other requirements of this section. Upon determining that a
14 recipient student has failed to meet the requirements of this section, the board shall
15 provide notification to the student within ten days.
- 16 3. a. Except as provided in this subsection, a student is not entitled to receive more
17 than six thousand dollars under this section.
- 18 b. A student who graduates from high school during or after the 2014-15 school
19 year is entitled to receive up to seven thousand eight hundred dollars under this
20 section.
- 21 4. The state board of higher education shall forward the scholarship directly to the
22 institution in which the student is enrolled.
- 23 5. a. (1) This section does not require a student to be enrolled in consecutive
24 semesters.
- 25 (2) This section does not require a student to be enrolled in consecutive
26 quarters.
- 27 b. However, a scholarship under this section is valid only for six academic years
28 after the student's graduation from high school and may not be applied to
29 graduate programs.
- 30 6. A scholarship under this section is available to any eligible resident student who fulfills
31 the requirements of section 15.1-21-02.4 or 15.1-21-02.5 and who:

- 1 a. Graduates from a high school in this state;
- 2 b. Graduates from a high school in a bordering state under chapter 15.1-29;
- 3 c. Graduates from a nonpublic high school in a bordering state while residing with a
- 4 custodial parent in this state; or
- 5 d. Completes a program of home education supervised in accordance with chapter
- 6 15.1-23.
- 7 7. a. For purposes of North Dakota scholarship eligibility under this section, "full-time"
- 8 means enrollment in at least twelve credits during a student's first two semesters
- 9 and enrollment in at least fifteen credits during each semester thereafter or
- 10 enrollment in the equivalent number of credits, as determined by the state board
- 11 of higher education, with respect to students in a quarter system.
- 12 b. (1) If a student requires fewer than fifteen credits to graduate, the student may
- 13 retain scholarship eligibility by enrolling in fewer than fifteen but at least
- 14 twelve credits during the semester, or the equivalent number of credits, as
- 15 determined by the state board of higher education, with respect to students
- 16 in a quarter system.
- 17 (2) Students who graduated from high school during the 2009-10 or the
- 18 2010-11 school year and who have completed six semesters may retain
- 19 scholarship eligibility by enrolling in only twelve credits during each of the
- 20 student's final two semesters, or the equivalent number of credits, as
- 21 determined by the state board of higher education, with respect to students
- 22 in a quarter system.
- 23 (3) The requirement that a student be enrolled in at least fifteen credits, as set
- 24 forth in subdivision a, does not apply in the case of a student participating in
- 25 a clinical, practicum, internship, cooperative program, or similar external
- 26 experience, provided the external experience is equivalent to at least twelve
- 27 units, or such similar amount as determined by the state board of higher
- 28 education, with respect to students in a quarter system, and considered to
- 29 be a "full time" placement for purposes of meeting graduation requirements.

30 **SECTION 21.** A new section to chapter 54-10 of the North Dakota Century Code is created
31 and enacted as follows:

1 **State board of higher education audits.**

- 2 1. The state auditor shall employ an audit manager to perform all audit related functions
3 of the state board of higher education, including the examination and evaluation of the
4 adequacy and effectiveness of the board's governance, risk management, internal
5 controls, and performance of constitutionally and statutorily required duties. The audit
6 manager shall conduct audits, as determined appropriate by the state auditor, of each
7 institution under the supervision and control of the state board of higher education.
8 The audit manager shall consult with the state board of higher education, or a
9 committee designated by the board, regarding audit plans, results of audit activities,
10 and any other appropriate issue. This section does not require the state auditor to
11 perform any duties that would compromise the auditor's independence under
12 government auditing standards.
- 13 2. The audit manager may access and examine any record under the control of the state
14 board of higher education. For purposes of reviewing records under the Family
15 Educational Rights and Privacy Act [20 U.S.C. 1232g; 34 CFR 99] or any other federal
16 privacy law, the audit manager must be considered an agent of the state board of
17 higher education.
- 18 3. The state auditor may hire employees necessary to carry out the duties and
19 responsibilities of this section. The state auditor may hire consultants to assist with
20 any duties required under this section subject to approval by the legislative audit and
21 fiscal review committee. The state board of higher education shall pay for the cost of
22 any consultant approved under this section.

23 **SECTION 22. AMENDMENT.** Section 54-12-08 of the North Dakota Century Code is
24 amended and reenacted as follows:

25 **54-12-08. Assistant and special assistant attorneys general - Appointment -**
26 **Revocation - Compensation.**

27 After consultation with the head of the state department or institution or with the state board,
28 commission, committee, or agency affected, the attorney general may appoint assistant or
29 special assistant attorneys general to represent the state board, commission, committee, or
30 agency. A state officer, head of any state department, whether elected or appointed, or state
31 department, board, commission, committee, or agency may not employ legal counsel, and no

1 person may act as legal counsel in any matter, action, or proceeding in which the state or any
2 state department, board, commission, committee, or agency is interested or is a party, except
3 upon written appointment by the attorney general. Workforce safety and insurance, the
4 department of transportation, the state tax commissioner, the public service commission, the
5 insurance commissioner, ~~the board of higher education~~, and the securities commissioner may
6 employ attorneys to represent them. These entities shall pay the salaries and expenses of the
7 attorneys they employ within the limits of legislative appropriations. The attorneys that represent
8 these entities must be special assistant attorneys general appointed by the attorney general
9 pursuant to this section. Absent good cause, the attorney general shall appoint as special
10 assistant attorneys general licensed attorneys selected by these entities. The attorney general
11 may revoke the appointment only for good cause or upon the request of the entity. Good cause
12 means an inadequate level of experience, competence, or ethical standards. The powers
13 conferred upon special assistant attorneys general are the same as are exercised by the
14 regular assistant attorneys general, unless the powers are limited specifically by the terms of
15 the appointment. Except as otherwise provided by this section, an appointment is revocable at
16 the pleasure of the attorney general. The appointment may be made with or without
17 compensation, and when compensation is allowed by the attorney general for services
18 performed, the compensation must be paid out of the funds appropriated therefor. The attorney
19 general may require payment for legal services rendered by any assistant or special assistant
20 attorney general to any state official, board, department, agency, or commission and those
21 entities shall make the required payment to the attorney general. Moneys received by the
22 attorney general in payment for legal services rendered must be deposited into the attorney
23 general's operating fund. General fund moneys may not be utilized for the payment of legal
24 services provided by the attorneys employed by the attorney general, except for those
25 payments required of the department of human services, state department of health, and the
26 state hospital.

27 **SECTION 23. AMENDMENT.** Section 54-44.1-04 of the North Dakota Century Code is
28 amended and reenacted as follows:

1 **54-44.1-04. Budget estimates of budget units filed with the office of the budget -**
2 **Deadline.**

3 The head of each budget unit, not later than July fifteenth of each year next preceding the
4 session of the legislative assembly, shall submit to the office of the budget, estimates of
5 financial requirements of the person's budget unit for the next two fiscal years, on the forms and
6 in the manner prescribed by the office of the budget, with such explanatory data as is required
7 by the office of the budget and such additional data as the head of the budget unit wishes to
8 submit. The estimates of financial requirements for budget units under the control of the state
9 board of higher education must be made using the same forms, supporting information, and
10 documentation as other budget units. Any request for a new full-time or part-time permanent
11 position included in a budget unit's estimate of its financial requirements for the next two fiscal
12 years must include documentation justifying the need for the position. The documentation must
13 describe the circumstances resulting in the need for the position and identify the number of
14 hours the position will be involved in specific types of activities and the anticipated outcomes of
15 the activities. The estimates so submitted must bear the approval of the board or commission of
16 each budget unit for which a board or commission is constituted. The director of the budget may
17 extend the filing date for any budget unit if the director finds there is some circumstance that
18 makes it advantageous to authorize the extension. If a budget unit has not submitted its
19 estimate of financial requirements by the required date or within a period of extension set by the
20 director of the budget, the director of the budget shall prepare the budget unit's estimate of
21 financial requirements except the estimate may not exceed ninety percent of the budget unit's
22 previous biennial appropriation. The director of the budget or a subordinate officer as the
23 director shall designate shall examine the estimates and shall afford to the heads of budget
24 units reasonable opportunity for explanation in regard thereto and, when requested, shall grant
25 to the heads of budget units a hearing thereon which must be open to the public.

26 **SECTION 24. AMENDMENT.** Subsection 4 of section 54-44.1-06 of the North Dakota
27 Century Code is amended and reenacted as follows:

28 4. Detailed comparative statements of expenditures and requests for appropriations by
29 funds, budget units and classification of expenditures, showing the expenditures for
30 the previous biennium, the first fiscal year of the present biennium, the budget of the
31 current biennium, and the governor's recommendation for appropriations for each

1 budget unit for the next biennium, all distributed according to the prescribed
2 classification of expenditures. Following the lists of actual and proposed expenditures
3 of each budget unit there must be a brief explanation of the functions of the unit and
4 comments on its policies and plans and on any considerable differences among the
5 amounts recommended, with any descriptive, quantitative, comparative, and other
6 data as to work done, unit costs, and like information as may be considered necessary
7 or desirable. For capital outlay expenditures involving construction projects to be
8 completed in two or more fiscal years, there must be shown the total estimated cost of
9 each such project and the amount thereof recommended to be appropriated and
10 expended in each ensuing fiscal year until completion of the project. Capital outlay
11 needs may be projected for at least two years beyond the period covered by the
12 budget. The detailed comparative statements of budget units under the control of the
13 state board of higher education must include the same information presented for other
14 budget units.

15 **SECTION 25. AMENDMENT.** Section 54-44.1-11 of the North Dakota Century Code is
16 amended and reenacted as follows:

17 **54-44.1-11. (Effective through July 31, 2015~~2017~~) Office of management and budget to**
18 **cancel unexpended appropriations - When they may continue.**

19 Except as otherwise provided by law, the office of management and budget, thirty days after
20 the close of each biennial period, shall cancel all unexpended appropriations or balances of
21 appropriations after the expiration of the biennial period during which they became available
22 under the law. Unexpended appropriations for the state historical society are not subject to this
23 section and the state historical society shall report on the amounts and uses of funds carried
24 over from one biennium to the appropriations committees of the next subsequent legislative
25 assembly. Unexpended appropriations for the North Dakota university system are not subject to
26 this section and the North Dakota university system shall report on the amounts and uses of
27 funds carried over from one biennium to the next to subsequent appropriations committees of
28 the legislative assembly. The chairmen of the appropriations committees of the senate and
29 house of representatives of the legislative assembly with the office of the budget may continue
30 appropriations or balances in force for not more than two years after the expiration of the

1 biennial period during which they became available upon recommendation of the director of the
2 budget for:

- 3 1. New construction projects.
- 4 2. Major repair or improvement projects.
- 5 3. Purchases of new equipment costing more than ten thousand dollars per unit if it was
6 ordered during the first twelve months of the biennium in which the funds were
7 appropriated.
- 8 4. The purchase of land by the state on a "contract for deed" purchase if the total
9 purchase price is within the authorized appropriation.
- 10 5. Purchases by the department of transportation of roadway maintenance equipment
11 costing more than ten thousand dollars per unit if the equipment was ordered during
12 the first twenty-one months of the biennium in which the funds were appropriated.
- 13 6. Authorized ongoing information technology projects.

14 **(Effective after July 31, ~~2015~~2017) Office of management and budget to cancel**

15 **unexpended appropriations - When they may continue.** The office of management and
16 budget, thirty days after the close of each biennial period, shall cancel all unexpended
17 appropriations or balances of appropriations after the expiration of the biennial period during
18 which they became available under the law. Unexpended appropriations for the state historical
19 society are not subject to this section and the state historical society shall report on the amounts
20 and uses of funds carried over from one biennium to the appropriations committees of the next
21 subsequent legislative assembly. The chairmen of the appropriations committees of the senate
22 and house of representatives of the legislative assembly with the office of the budget may
23 continue appropriations or balances in force for not more than two years after the expiration of
24 the biennial period during which they became available upon recommendation of the director of
25 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 was
29 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 5. Purchases by the department of transportation of roadway maintenance equipment
4 costing more than ten thousand dollars per unit if the equipment was ordered during
5 the first twenty-one months of the biennium in which the funds were appropriated.

6 6. Authorized ongoing information technology projects.

7 **SECTION 26. REPEAL.** Chapter 15-62.2 of the North Dakota Century Code is repealed.

8 **SECTION 27. SYSTEMWIDE FUNDING POOLS - TRANSFER AUTHORITY -**

9 **LEGISLATIVE MANAGEMENT REPORT.** The following line items contained in subdivision 1 of
10 section 1 of this Act include funding that may be transferred in full or in part as provided in this
11 section for the period beginning with the effective date of this Act and ending June 30, 2017, by
12 the state board of higher education to the institutions and entities under its control as follows:

13 1. The deferred maintenance funding pool line item includes funding that must be used to
14 address deferred maintenance and other infrastructure needs at institutions based on
15 university system master plan and space utilization studies.

16 2. The education incentive programs line item includes funding that may be allocated to
17 education incentive programs based on program eligibility criteria and the reduction or
18 elimination of specific programs as determined by the board.

19 3. The campus security funding pool line item includes funding that must be used to
20 address security needs at institutions based on campus risk and security
21 assessments.

22 4. The extraordinary repairs funding pool line item includes funding that must be used to
23 address infrastructure needs at institutions and forest service facilities based on
24 university system master plan and space utilization studies and identified needs of the
25 forest service.

26 The state board of higher education may not transfer any funding from the deferred
27 maintenance funding pool or the extraordinary repairs funding pool to an institution or entity
28 under its control unless the institution or entity has submitted a comprehensive space utilization
29 study to the board. The comprehensive space utilization study must include a review of current
30 space for instruction, academic support, student services, and administration; the current
31 utilization of each type of space; and the projected future needs for each type of space. The

1 state board of higher education shall provide reports to the legislative management during the
2 2015-16 interim regarding distributions from the deferred maintenance, campus security, and
3 extraordinary repairs funding pools.

4 **SECTION 28. CAMPUS CAPITAL PROJECTS - PROJECT MANAGEMENT.** During the
5 biennium beginning July 1, 2015, and ending June 30, 2017, each capital project authorized by
6 the state board of higher education must have adequate project management oversight by
7 either an institution official or a representative of an external entity. An institution may seek
8 assistance from the university system office for project management oversight of a capital
9 project.

10 **SECTION 29. NORTH DAKOTA STATE UNIVERSITY - MINARD HALL -**
11 **REAUTHORIZATION - BUDGET SECTION REPORT.** In addition to the funds appropriated in
12 section 1 of this Act, North Dakota state university may use unspent state funding from the
13 \$5,000,000 appropriation received during the biennium beginning July 1, 2007, and ending
14 June 30, 2009, and unspent state funding from the \$13,000,000 appropriation received during
15 the biennium beginning July 1, 2009, and ending June 30, 2011, and special funds derived from
16 insurance litigation settlement and other local institutional funds, to a total of \$23,474,300 for
17 the Minard hall project, for the biennium beginning July 1, 2015, and ending June 30, 2017.
18 North Dakota state university shall report to the budget section regarding the status of the
19 Minard hall project and may request increased spending authorization from the budget section
20 for the project.

21 **SECTION 30. MINOT STATE UNIVERSITY - FOOTBALL STADIUM PRESS BOX -**
22 **REAUTHORIZATION.** Minot state university may use up to \$4,000,000 in private funds from the
23 city of Minot and \$1,000,000 in local institutional funds for the completion of the football stadium
24 press box during the biennium beginning July 1, 2015, and ending June 30, 2017.

25 **SECTION 31. STUDENT LOAN TRUST FUND.** Subdivision 1 of section 1 of this Act
26 includes the sum of \$1,004,744, or so much of the sum as may be necessary, from the student
27 loan trust fund of which \$465,307 is for the professional student exchange program and
28 \$539,437 is for connectND campus solution positions, for the biennium beginning July 1, 2015,
29 and ending June 30, 2017.

30 **SECTION 32. UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH**
31 **SCIENCES OPERATIONS.** The operations line item in subdivision 5 of section 1 of this Act

1 includes a funding allocation from the higher education per student credit-hour funding formula
2 attributable to inflation during the biennium beginning July 1, 2015, and ending June 30, 2017. A
3 minimum of twenty-five percent of the allocation must be transferred by the state board of
4 higher education to the university of North Dakota school of medicine and health sciences.

5 **SECTION 33. FEDERAL, PRIVATE, AND OTHER FUNDS - APPROPRIATION.** All funds,
6 in addition to those appropriated in section 1 of this Act, from federal, private, and other sources
7 for competitive grants or other funds that the legislative assembly has not indicated the intent to
8 reject, including tuition revenue, received by the institutions and entities under the control of the
9 state board of higher education are appropriated to those institutions and entities, for the
10 biennium beginning July 1, 2015, and ending June 30, 2017. All additional funds received under
11 the North Dakota-Minnesota reciprocity agreement during the biennium beginning July 1, 2015,
12 and ending June 30, 2017, are appropriated to the state board of higher education for
13 reimbursement to institutions under the control of the board.

14 **SECTION 34. TRANSFER AUTHORITY.** If, during the biennium beginning July 1, 2015,
15 and ending June 30, 2017, the state board of higher education determines that funds allocated
16 to operations in section 1 of this Act are needed for capital assets, the board may transfer funds
17 from operations to capital assets. The board shall report any transfer of funds under this section
18 to the office of management and budget.

19 **SECTION 35. EXEMPTION - CONTINGENT APPROPRIATION REDUCTION.** The amount
20 appropriated for the performance funding pool line item in section 1 of chapter 34 of the 2013
21 Session Laws is not subject to section 54-44.1-11 and any unexpended funds in this line item
22 must be canceled by the office of management and budget on the effective date of this section.
23 The office of management and budget shall reduce the general fund appropriation authority
24 included in the system governance line item contained in subdivision 1 of section 1 of this Act in
25 an amount equal to any appropriation used from the performance funding pool line item
26 contained in section 1 of chapter 34 of the 2013 Session Laws.

27 **SECTION 36. EXEMPTION - TRANSFER - GRANT.** The sum of \$750,000 from the general
28 fund is appropriated in the capital assets line item in subdivision 5 of section 1 of chapter 34 of
29 the 2013 Session Laws for the university of North Dakota school of medicine and health
30 sciences Bismarck family practice center skywalk project. Pursuant to section 54-44.1-11,
31 \$200,000 of the unexpended appropriation authority for the project must be continued into the

1 biennium beginning July 1, 2015, and ending June 30, 2017, and must be transferred to the
2 university system office for the purpose of providing a grant to the North Dakota humanities
3 council for the development of elementary and secondary civics education. Any remaining
4 unexpended appropriation authority for the project is not subject to section 54-44.1-11 and the
5 office of management and budget shall cancel the remaining unexpended appropriation
6 authority on the effective date of this section.

7 **SECTION 37. STATE FLEET REIMBURSEMENT - TRANSFER.** Notwithstanding any other
8 provision of law, the university of North Dakota shall transfer the sum of \$375,000 to the
9 department of transportation for costs associated with previous use by the institution of state
10 fleet services motor coaches and North Dakota state university shall transfer the sum of
11 \$375,000 to the department of transportation for costs associated with previous use by the
12 institution of state fleet services motor coaches. The university of North Dakota and North
13 Dakota state university shall transfer the funds as directed under this section to the department
14 of transportation prior to January 1, 2016.

15 **SECTION 38. STATE BOARD OF HIGHER EDUCATION - EVALUATION OF**
16 **EMPLOYEES.** The state board of higher education shall conduct or contract for comprehensive
17 performance evaluations of the president and each individual designated as a vice president of
18 an institution under the supervision and control of the board and of the commissioner of higher
19 education and each individual within the university system office with the title of "vice
20 chancellor". Each performance review must include participation and input from the individual's
21 subordinates, peers, supervisors, and other appropriate individuals, as well as the individual
22 being evaluated. Each performance review must include an analysis of the individual's
23 contribution and performance in leadership, teamwork, interpersonal communication,
24 management, contribution, work habits, interpersonal interaction, and accountability.
25 Notwithstanding any provision of law, any record created or collected in the conduct of a
26 performance review under this section and the report of each performance review is a public
27 record. This section does not apply to any individual who has served in their respective position
28 for less than three years as of July 1, 2015.

29 **SECTION 39. STATE BOARD OF HIGHER EDUCATION DATA INCONSISTENCIES -**
30 **REPORT TO THE SIXTY-FIFTH LEGISLATIVE ASSEMBLY.** During the biennium beginning
31 July 1, 2015, and ending June 30, 2017, the state board of higher education shall evaluate the

1 following data inconsistency issues at institutions and entities under its control and develop
2 policies and procedures to correct the inconsistencies:

- 3 1. Lack of integration of personal and demographic information among computer
4 systems;
- 5 2. Lack of use of standard chart of accounts for financial reporting and standard
6 department budget table deduction and tax override flags;
- 7 3. Absence of standard business processes for recording mandatory fees and for
8 changing payroll funding source information;
- 9 4. Inconsistent methods and procedures at institutions for recording high school
10 completions, identifying student cohorts for reporting purposes, and classifying agency
11 funds;
- 12 5. Inconsistent practices and policies at institutions for awarding tuition waivers, admitting
13 students, using purchasing card, charging tuition and fees, and accruing of faculty sick
14 leave;
- 15 6. Inconsistent coding and naming for bad debt expense and journal entries;
- 16 7. Use of shadow accounting systems for reporting purposes; and
- 17 8. Inconsistent definitions for a distance education student, a resident student for tuition
18 purposes, and a full-time student for federal tax purposes.

19 The state board of higher education shall provide a report to the appropriations committees of
20 the sixty-fifth legislative assembly regarding the status of the inconsistencies, including policies
21 and procedures implemented to correct the inconsistencies.

22 **SECTION 40. HIGHER EDUCATION INSTITUTION PERMANENT FUNDS - REPORT TO**
23 **SIXTY-FIFTH LEGISLATIVE ASSEMBLY.** The state board of higher education shall provide a
24 report to the appropriations committees of the sixty-fifth legislative assembly regarding the use
25 of funds received by institutions under its control from permanent fund income established for
26 the benefit of the institutions in section 1 of article IX of the Constitution of North Dakota.

27 **SECTION 41. EXTRAORDINARY CAMPUS NEEDS FUNDING - REPORT TO THE**
28 **SIXTY-FIFTH LEGISLATIVE ASSEMBLY.** The operations line item in subdivision 4 of section 1
29 of this Act includes the sum of \$2,500,000 for extraordinary campus needs at Williston state
30 college. Williston state college shall provide a report to the appropriations committees of the

1 sixty-fifth legislative assembly regarding the use of this funding and the need to continue the
2 funding in to the biennium beginning July 1, 2017, and ending June 30, 2019.

3 **SECTION 42. LEGISLATIVE MANAGEMENT STUDY - HIGHER EDUCATION COURSE**

4 **DELIVERY METHODS.** During the 2015-16 interim, the legislative management shall consider
5 studying the delivery methods of higher education courses offered by institutions under the
6 control of the state board of higher education. The study, if conducted, must include a review of
7 current methods of distance education offered by institutions, options to improve delivery
8 methods, revenue generated by each type of delivery method, and how course delivery
9 methods may affect future campus infrastructure needs. The legislative management shall
10 report its findings and recommendations, together with any legislation required to implement the
11 recommendations, to the sixty-fifth legislative assembly.

12 **SECTION 43. LEGISLATIVE MANAGEMENT STUDY - INSTITUTION MISSIONS.** During
13 the 2015-16 interim, the legislative management shall study the missions of all two-year
14 institutions and the missions of any other institutions under the control of the state board of
15 higher education, as determined by the legislative management, including the feasibility and
16 desirability of the institutions offering only workforce and career and technical education
17 programs. The study must review the current missions of the institutions, current and projected
18 course and program enrollments, projected workforce needs, including how the institutions can
19 serve the needs, and options to increase operating efficiencies. The legislative management
20 shall report its findings, together with any legislation necessary to implement the findings, to the
21 sixty-fifth legislative assembly.

22 **SECTION 44. EMERGENCY.** Sections 10, 27, 35, and 36 and the capital assets,
23 extraordinary repairs pool, campus security pool, and deferred maintenance pool line items in
24 section 1 of this Act are declared to be an emergency measure.