

Fifty-eighth
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 authorize the state board of higher education to issue and sell bonds for
3 capital projects; to authorize the industrial commission to issue and sell bonds for capital
4 projects; to provide statements of legislative intent; to provide for a general fund transfer; to
5 amend and reenact sections 15-10-08, 15-10-12, 54-44.1-04, 54-44.1-06, and 54-44.1-11 of
6 the North Dakota Century Code, relating to compensation of state board of higher education
7 members, higher education institutions' special revenue funds, budget requests and block grant
8 appropriations, and unexpended appropriations; and to declare an emergency.

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

10 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the
11 funds as may be necessary, are appropriated out of any moneys in the general fund in the state
12 treasury, not otherwise appropriated, and from special funds derived from other income, to the
13 North Dakota university system office and to the various entities and institutions under the
14 supervision of the board of higher education for the purpose of defraying the expenses of those
15 entities and institutions, for the biennium beginning July 1, 2003, and ending June 30, 2005, as
16 follows:

17 Subdivision 1.

18 NORTH DAKOTA UNIVERSITY SYSTEM OFFICE

| | |
|----------------------------------------------------|--------------|
| 19 Capital assets | \$14,100,689 |
| 20 Competitive research and centers for excellence | 7,000,000 |
| 21 Board initiatives | 435,306 |
| 22 System governance | 4,479,337 |
| 23 Title II | 695,600 |
| 24 Technology pool | 26,135,148 |

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|----|---------------------------------------|-------------------|
| 1 | Contingency and capital emergency | 1,752,767 |
| 2 | Professional liability insurance | 1,850,000 |
| 3 | Student financial assistance grants | 4,430,215 |
| 4 | Professional student exchange program | 1,678,300 |
| 5 | Scholars program | 816,368 |
| 6 | Native American scholarships | 204,086 |
| 7 | Education incentive programs | <u>830,000</u> |
| 8 | Total all funds | \$64,407,816 |
| 9 | Less estimated income | <u>5,355,507</u> |
| 10 | Total general fund appropriation | \$59,052,309 |
| 11 | Subdivision 2. | |
| 12 | BISMARCK STATE COLLEGE | |
| 13 | Capital assets | \$250,000 |
| 14 | Operations | <u>15,493,038</u> |
| 15 | General fund appropriation | \$15,743,038 |
| 16 | Subdivision 3. | |
| 17 | LAKE REGION STATE COLLEGE | |
| 18 | Capital assets | \$44,831 |
| 19 | Operations | <u>4,963,824</u> |
| 20 | General fund appropriation | \$5,008,655 |
| 21 | Subdivision 4. | |
| 22 | WILLISTON STATE COLLEGE | |
| 23 | Capital assets | \$88,790 |
| 24 | Operations | <u>5,319,181</u> |
| 25 | General fund appropriation | \$5,407,971 |
| 26 | Subdivision 5. | |
| 27 | UNIVERSITY OF NORTH DAKOTA | |
| 28 | Capital assets | \$32,662,136 |
| 29 | Operations | 84,584,943 |
| 30 | Nordic initiative | 50,000 |
| 31 | Marketing initiative | <u>50,000</u> |

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|---|----------------------------|-------------------|
| 1 | Total all funds | \$117,347,079 |
| 2 | Less estimated income | <u>30,300,000</u> |
| 3 | General fund appropriation | \$87,047,079 |

4 Subdivision 6.

5 NORTH DAKOTA STATE UNIVERSITY

| | | |
|----|----------------------------|-------------------|
| 6 | Capital assets | \$16,737,531 |
| 7 | Operations | <u>66,875,983</u> |
| 8 | Total all funds | \$83,613,514 |
| 9 | Less estimated income | <u>15,000,000</u> |
| 10 | General fund appropriation | \$68,613,514 |

11 Subdivision 7.

12 NORTH DAKOTA STATE COLLEGE OF SCIENCE

| | | |
|----|----------------------------|-------------------|
| 13 | Capital assets | \$4,442,420 |
| 14 | Operations | <u>23,774,891</u> |
| 15 | Total all funds | \$28,217,311 |
| 16 | Less estimated income | <u>3,668,920</u> |
| 17 | General fund appropriation | \$24,548,391 |

18 Subdivision 8.

19 DICKINSON STATE UNIVERSITY

| | | |
|----|----------------------------|-------------------|
| 20 | Capital assets | \$5,393,962 |
| 21 | Operations | <u>13,590,878</u> |
| 22 | Total all funds | \$18,984,840 |
| 23 | Less estimated income | <u>5,000,000</u> |
| 24 | General fund appropriation | \$13,984,840 |

25 Subdivision 9.

26 MAYVILLE STATE UNIVERSITY

| | | |
|----|----------------------|---------------|
| 27 | Capital assets | \$364,589 |
| 28 | Operations | 8,349,835 |
| 29 | Old main improvement | <u>50,000</u> |
| 30 | Total all funds | \$8,764,424 |

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|----|--------------------------------------------------|--------------------------------------|
| 1 | Less estimated income | <u>150,000</u> |
| 2 | General fund appropriation | \$8,614,424 |
| 3 | Subdivision 10. | |
| 4 | | MINOT STATE UNIVERSITY |
| 5 | Capital assets | \$612,850 |
| 6 | Operations | <u>25,554,142</u> |
| 7 | General fund appropriation | \$26,166,992 |
| 8 | Subdivision 11. | |
| 9 | | VALLEY CITY STATE UNIVERSITY |
| 10 | Capital assets | \$265,334 |
| 11 | Operations | <u>11,144,078</u> |
| 12 | General fund appropriation | \$11,409,412 |
| 13 | Subdivision 12. | |
| 14 | | MINOT STATE UNIVERSITY - BOTTINEAU |
| 15 | Capital assets | \$112,663 |
| 16 | Operations | <u>4,057,001</u> |
| 17 | General fund appropriation | \$4,169,664 |
| 18 | Subdivision 13. | |
| 19 | | UNIVERSITY OF NORTH DAKOTA SCHOOL OF |
| 20 | | MEDICINE AND HEALTH SCIENCES |
| 21 | Operations | <u>\$30,268,879</u> |
| 22 | General fund appropriation | \$30,268,879 |
| 23 | Subdivision 14. | |
| 24 | | NORTH DAKOTA FOREST SERVICE |
| 25 | Capital assets | \$146,061 |
| 26 | Operations | <u>2,717,215</u> |
| 27 | Total all funds | \$2,863,276 |
| 28 | Less estimated income | <u>1,090,001</u> |
| 29 | Total general fund appropriation | \$1,773,275 |
| 30 | Grand total general fund appropriation H.B. 1003 | \$361,808,443 |

| | | |
|---|------------------------------------------------------|---------------|
| 1 | Grand total estimated income appropriation H.B. 1003 | \$112,046,775 |
| 2 | Grand total all funds appropriation H.B. 1003 | \$473,855,218 |

3 **SECTION 2. BOARD INITIATIVES.** The sum of \$435,306, or so much of the sum as
4 may be necessary, included in the board initiatives line item in subdivision 1 of section 1 of this
5 Act, must be used to support university system and statewide goals linked to the state board of
6 higher education strategic plan and the higher education roundtable report, as determined by
7 the board.

8 **SECTION 3. CAPITAL ASSETS.** The sum of \$14,100,689, or so much of the sum as
9 may be necessary, included in the capital assets line item in subdivision 1 of section 1 of this
10 Act, must be used by the state board of higher education to satisfy outstanding bond
11 obligations and by the industrial commission to establish an escrow account as authorized in
12 section 15 of this Act.

13 **SECTION 4. TECHNOLOGY POOL.** The sum of \$26,135,148, or so much of the sum
14 as may be necessary, included in the technology pool line item in subdivision 1 of section 1 of
15 this Act, must be used for the benefit of the institutions and entities under the control of the
16 state board of higher education, as determined by the board. Technology funding allocations
17 must be made based on historic funding and the North Dakota university system information
18 technology plan. Funds allocated pursuant to this section must be used to support the higher
19 education computer network, the interactive video network, the on-line dakota information
20 network, and other related technology initiatives as determined by the board.

21 **SECTION 5. CONTINGENCY AND CAPITAL EMERGENCY.** The sum of \$296,693,
22 or so much of the sum as may be necessary, included in the contingency and capital
23 emergency line item in subdivision 1 of section 1 of this Act, must be used to meet unforeseen
24 operations or capital asset needs and opportunities, as determined by the state board of higher
25 education, at institutions and entities under the control of the board.

26 **SECTION 6. FEDERAL, PRIVATE, AND OTHER FUNDS - APPROPRIATION.** All
27 funds, in addition to those appropriated in section 1 of this Act, from federal, private, and other
28 sources, received by the institutions and entities under the control of the state board of higher
29 education are appropriated to those institutions and entities, for the biennium beginning July 1,
30 2003, and ending June 30, 2005.

1 **SECTION 7. EXEMPTION.** The appropriations contained in section 1 of chapter 28 of
2 the 2001 Session Laws are not subject to the provisions of section 54-44.1-11.

3 **SECTION 8. UNEXPENDED GENERAL FUND - EXCESS INCOME.** Any unexpended
4 general fund appropriation authority to and any excess income received by the institutions and
5 entities under the control of the state board of higher education are not subject to the provisions
6 of section 54-44.1-11, and any unexpended funds from these appropriations or revenues are
7 available and may be expended by those entities, during the biennium beginning July 1, 2005,
8 and ending June 30, 2007.

9 **SECTION 9. FULL-TIME EQUIVALENT POSITION ADJUSTMENTS.** The state board
10 of higher education is authorized to adjust full-time equivalent positions as needed, subject to
11 the availability of funds, for institutions and entities under its control. The university system
12 shall report any adjustments to the office of management and budget before the submission of
13 the 2005-07 biennium budget request.

14 **SECTION 10. STATE FORESTER RESERVE ACCOUNT - BUDGET SECTION**
15 **APPROVAL.** The estimated income line item in subdivision 2 of section 1 of this Act includes
16 the sum of \$115,000 from the state forester reserve account, established pursuant to section
17 4-19-01.2, for construction of equipment and supply storage buildings in Towner and Bottineau.
18 After receiving approval from the budget section, the forest service may obtain and utilize any
19 additional funds, which are appropriated for the biennium beginning July 1, 2003, and ending
20 June 30, 2005, to assist in the construction of the equipment and supply storage buildings.

21 **SECTION 11. WATER DEVELOPMENT TRUST FUND.** Notwithstanding section
22 54-27-25, the sum of \$1,456,074, or so much of the sum as may be necessary, included in the
23 contingency and capital emergency line item in subdivision 1 of section 1 of this Act, is from the
24 water development trust fund and may be spent by the state board of higher education for the
25 purpose of repaying principal and interest on disaster response loans from the Bank of North
26 Dakota, pursuant to section 54-16-13, during the biennium beginning July 1, 2003, and ending
27 June 30, 2005.

28 **SECTION 12. BOND ISSUANCE AUTHORIZATION - PURPOSES -**
29 **APPROPRIATION.** The state board of higher education, in accordance with chapter 15-55,
30 may arrange for the funding of the projects authorized in this section, declared to be in the
31 public interest, through the issuance of self-liquidating, tax-exempt evidences of indebtedness

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1 under chapter 15-55, beginning with the effective date of this Act and ending June 30, 2005.
2 Evidences of indebtedness issued pursuant to this section are not a general obligation of the
3 state of North Dakota. Any unexpended balance resulting from the proceeds of the evidences
4 of indebtedness must be placed in a sinking fund to be used for the retirement of the
5 indebtedness. The evidences of indebtedness may be issued, and the proceeds are
6 appropriated, for the biennium beginning July 1, 2003, and ending June 30, 2005, for the
7 purpose of financing the following capital projects:

| | |
|-------------------------------------------------------------------|--------------|
| 8 Bismarck state college - Student apartments | \$1,785,000 |
| 9 Lake region state college - North residence hall renovation | \$375,000 |
| 10 Mayville state university - Fieldhouse renovation and addition | \$3,000,000 |
| 11 University of North Dakota - Airport hangar | \$2,000,000 |
| 12 University of North Dakota - Wellness center | \$8,000,000 |
| 13 University of North Dakota - Athletic complex | \$13,000,000 |
| 14 Valley City state university - Kolstoe hall renovation | \$3,300,000 |
| 15 North Dakota state university - Bison court construction | \$11,000,000 |

16 Mayville state university may obtain and utilize special funds to assist in the renovation and
17 addition of the fieldhouse. There is appropriated to Mayville state university the sum of
18 \$1,000,000, or so much as may be necessary, from any other funds that may become available
19 for this project, for the biennium beginning July 1, 2003, and ending June 30, 2005.

20 Total special funds appropriation \$43,460,000

21 **SECTION 13. PROJECT AUTHORIZATIONS.** The industrial commission, acting as
22 the North Dakota building authority, shall arrange for the funding of the projects authorized in
23 this section, hereby declared to be in the public interest, through the issuance of evidences of
24 indebtedness under chapter 54-17.2, during the biennium beginning July 1, 2003, and ending
25 June 30, 2005. The proceeds of the evidences of indebtedness and other available funds are
26 hereby appropriated during the biennium beginning July 1, 2003, and ending June 30, 2005, for
27 the following projects:

| | | |
|---------------------------------|--------------------------------|-------------|
| 28 Dickinson state university | Murphy hall phase I addition | \$5,882,047 |
| 29 Valley City state university | Graichen gymnasium elevator | \$785,300 |
| 30 | and emergency exits | |
| 31 Mayville state university | Steamline replacement phase II | \$1,355,000 |

1 The industrial commission shall issue evidences of indebtedness under this section with the
2 condition that lease rental payments need not begin until July 1, 2005. This authority of the
3 industrial commission to issue evidences of indebtedness ends June 30, 2005, but the
4 industrial commission may continue to exercise all other powers granted to it under chapter
5 54-17.2 and this Act and to comply with any covenants entered into before that date.

6 Grand total special funds appropriation \$8,022,347

7 **SECTION 14. BOND ISSUANCE REPAYMENT RESPONSIBILITY - LIMITATION IN**

8 **SECTION 54-17.2-23.** The industrial commission shall establish an escrow account for receipt
9 of the first two annual lease rental payments for the retirement of the evidences of
10 indebtedness issued for the project costs associated with the construction of the projects
11 authorized by section 13 of this Act. The escrow account is established to address the general
12 fund lease limitations of section 54-17.2-23 during the 2005-07 biennium. The escrow account
13 consists of \$1,310,000, or so much thereof as may be necessary, transferred from the general
14 fund amounts appropriated for capital assets in subdivision 1 of section 1 of this Act and
15 \$250,000 provided as local responsibility from other Dickinson state university fund sources.

16 **SECTION 15. STUDENT FINANCIAL ASSISTANCE GRANTS.** The funds
17 appropriated for student financial assistance grants in section 1 of this Act must be allocated
18 not less than twenty percent to students at private baccalaureate degree granting institutions
19 with the remaining funds allocated to students at public and native American institutions.

20 **SECTION 16. LEGISLATIVE INTENT - HIGHER EDUCATION ACCOUNTABILITY**

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

- 24 1. Education excellence, including:
- 25 a. Student performance on nationally recognized exams in their major fields
 - 26 compared to the national averages.
 - 27 b. First-time licensure pass rates compared to other states.
 - 28 c. Alumni-reported and student-reported satisfaction with preparation in selected
 - 29 major, acquisition of specific skills, and technology knowledge and abilities.
 - 30 d. Employer-reported satisfaction with preparation of recently hired graduates.

- 1 e. Biennial report on employee satisfaction relating to the university system and
- 2 local institutions.
- 3 f. Ratio of faculty and staff to students.
- 4 g. Student graduation and retention rates.
- 5 2. Economic development, including:
 - 6 a. Enrollment in entrepreneurship courses and the number of graduates of
 - 7 entrepreneurship programs.
 - 8 b. Percentage of university system graduates obtaining employment appropriate
 - 9 to their education in the state.
 - 10 c. Number of businesses and employees in the region receiving training.
 - 11 d. Number of students employed in major field of study six months and eighteen
 - 12 months after graduation.
- 13 3. Student access, including:
 - 14 a. Proportion of residents of the state who are within a forty-five-minute drive of
 - 15 a location at which they can receive educational programs from a provider.
 - 16 b. Number and proportion of enrollments in courses offered by nontraditional
 - 17 methods.
- 18 4. Student affordability, including:
 - 19 a. Tuition and fees on a per student basis compared to the regional average.
 - 20 b. Tuition and fees as a percentage of median North Dakota household income.
 - 21 c. Cost per student in terms of general fund appropriations and total university
 - 22 system funding.
 - 23 d. Average number of semesters completed per baccalaureate degree graduate.
 - 24 e. Administrative, instructional, and other cost per student.
 - 25 f. Per capita general fund appropriations for higher education.
 - 26 g. State general fund appropriation levels for university system institutions
 - 27 compared to peer institutions general fund appropriation levels.
- 28 5. Financial operations, including:
 - 29 a. Percentage of total university system funding used for instruction, research,
 - 30 and public service.

1 per day for each calendar day actually spent devoted to the duties of office, and necessary
2 expenses in the same manner and amounts as other state officials for attending meetings and
3 performing other functions of office. The legislative assembly shall provide adequate funds to
4 carry out the functions and duties of the board.

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

7 **15-10-12. (Effective through June 30, ~~2003~~ 2005) Board may accept gifts and**
8 **bequests - Deposit and appropriation of institutional funds.** Subject to the limitations of
9 section 15-10-12.1, the state board of higher education may receive donations, gifts, grants,
10 and bequests offered or tendered to or for the benefit of any institution of higher education
11 under its control or subject to its administration, and all moneys coming into the hands of the
12 board as donations, gifts, grants, and bequests must be used for the specific purpose for which
13 they are donated or given. A special revenue fund, for each institution of higher education
14 under the control of the board or subject to its administration, must be maintained within the
15 state treasury. All rent, interest, or income from land, money, or property, donated or granted
16 by the United States and allocated to specific institutions of higher learning under the terms of
17 the Enabling Act and the Constitution of North Dakota must be deposited in the special revenue
18 fund of each institution and expended in accordance with section 1 of article IX of the
19 Constitution of North Dakota. All other funds, unless restricted by the terms of a grant,
20 donation, or bequest, received by the institutions from federal, state, and local grants and
21 contracts, indirect cost recoveries, tuition, special student fees, room and board fees and other
22 auxiliary enterprise fees, student activity fees, continuing education program fees, internal
23 service fund revenues, and all other revenues must be deposited in the institution special
24 revenue funds. The state treasurer shall immediately transfer the funds deposited in the
25 special revenue funds to institution accounts in the Bank of North Dakota. Biennial estimates of
26 revenue and expenditures of the other funds by source of funds must be presented at the same
27 time biennial budget requests for appropriations from the special revenue fund and state
28 general fund are prepared and submitted to the office of the budget pursuant to section
29 ~~15-10-15~~. Payments from each institution's general fund appropriation must be made in
30 amounts as may be necessary for the operation and maintenance of each institution. The
31 funds in the institution accounts are appropriated on a continuing basis to the state board of

1 higher education. All such appropriations are subject to proration in the same manner as other
2 appropriations are prorated if insufficient funds are available to meet expenditures from the
3 general fund. Sinking funds for the payment of interest and principal of institutional revenue
4 bonds must be deposited pursuant to section 15-55-06.

5 **(Effective after June 30, 2003 2005) Board may accept gifts and bequests -**

6 **Deposit of funds.** The state board of higher education may, subject to the limitations of
7 section 15-10-12.1, receive donations, gifts, grants, and bequests offered or tendered to or for
8 the benefit of any institution of higher education under its control or subject to its administration,
9 and all moneys coming into the hands of the board as donations, gifts, grants, and bequests
10 must be used for the specific purpose for which they are donated or given. A special revenue
11 fund, for each institution of higher education under the control of the board or subject to its
12 administration, must be maintained within the state treasury and all institutional income from
13 tuition collections must be placed in the special fund for the use of the institution for which the
14 money was raised. All rent, interest, or income from land, money, or property, donated or
15 granted by the United States and allocated to specific institutions of higher learning under the
16 terms of the Enabling Act and the Constitution of North Dakota must be deposited in the special
17 revenue fund of each institution and expended in accordance with section 1 of article IX of the
18 Constitution of North Dakota. Moneys in the special revenue fund are subject to legislative
19 appropriations. All other funds, unless restricted by the terms of a grant, donation, or bequest,
20 received by the institutions from federal, state, and local grants and contracts, indirect cost
21 recoveries, special student fees, room and board fees and other auxiliary enterprise fees,
22 student activity fees, continuing education program fees, internal service fund revenues, and all
23 other revenues must be deposited in the institution special revenue funds. The state treasurer
24 shall immediately transfer the funds deposited in the special revenue funds to institution
25 accounts in the Bank of North Dakota. Biennial estimates of revenue and expenditures of the
26 other funds by source of funds must be presented at the same time biennial budget requests
27 for appropriations from the special revenue fund and state general fund are prepared and
28 submitted to the office of the budget pursuant to section 15-10-15. Payments from each
29 institution's general fund appropriation must be made in amounts as may be necessary for the
30 operation and maintenance of each institution, except that at the close of the biennium the
31 balance of funds not paid from the general fund appropriation must be deposited in the special

1 revenue funds of the institutions. All such appropriations are subject to proration in the same
2 manner as other appropriations are prorated if insufficient funds are available to meet
3 expenditures from the general fund. Sinking funds for the payment of interest and principal of
4 institutional revenue bonds must be deposited pursuant to section 15-55-06.

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

7 **54-44.1-04. (Effective through June 30, ~~2003~~ 2005) Budget estimates of budget**
8 **units filed with the office of the budget - Deadline.** The head of each budget unit, not later
9 than July fifteenth of each year next preceding the session of the legislative assembly, shall
10 submit to the office of the budget, estimates of financial requirements of the person's budget
11 unit for the next two fiscal years, on the forms and in the manner prescribed by the office of the
12 budget, with such explanatory data as is required by the office of the budget and such
13 additional data as the head of the budget unit wishes to submit. The budget estimates for the
14 North Dakota university system must include block grants for the university system for a base
15 funding component and for an initiative funding component for specific strategies or initiatives
16 and a budget estimate for an asset funding component for renewal and replacement of physical
17 plant assets at the institutions of higher education. The estimates so submitted must bear the
18 approval of the board or commission of each budget unit for which a board or commission is
19 constituted. The director of the budget in the director's discretion may extend the filing date for
20 any budget unit if the director finds there is some circumstance ~~which~~ that makes it
21 advantageous to authorize the extension. If a budget unit has not submitted its estimate of
22 financial requirements by the required date or within a period of extension set by the director of
23 the budget, the director of the budget shall prepare ~~such~~ the budget unit's estimate of financial
24 requirements except ~~such~~ the estimate may not exceed ninety percent of ~~such~~ the budget unit's
25 previous biennial appropriation. The director of the budget or ~~such~~ a subordinate officer as the
26 director designates shall examine the estimates and shall afford to the heads of budget units
27 reasonable opportunity for explanation in regard thereto and, when requested, shall grant to the
28 heads of budget units a hearing thereon which must be open to the public.

29 **(Effective after June 30, ~~2003~~ 2005) Budget estimates of budget units filed with**
30 **the office of the budget - Deadline.** The head of each budget unit, not later than July fifteenth
31 of each year next preceding the session of the legislative assembly, shall submit to the office of

1 the budget, estimates of financial requirements of the person's budget unit for the next two
2 fiscal years, on the forms and in the manner prescribed by the office of the budget, with such
3 explanatory data as is required by the office of the budget and such additional data as the head
4 of the budget unit wishes to submit. The estimates so submitted must bear the approval of the
5 board or commission of each budget unit for which a board or commission is constituted. The
6 director of the budget may extend the filing date for any budget unit if the director finds there is
7 some circumstance ~~which~~ that makes it advantageous to authorize the extension. If a budget
8 unit has not submitted its estimate of financial requirements by the required date or within a
9 period of extension set by the director of the budget, the director of the budget shall prepare
10 ~~such~~ the budget unit's estimate of financial requirements except ~~such~~ the estimate may not
11 exceed ninety percent of ~~such~~ the budget unit's previous biennial appropriation. The director of
12 the budget or ~~such~~ a subordinate officer as the director shall designate shall examine the
13 estimates and shall afford to the heads of budget units reasonable opportunity for explanation
14 in regard thereto and, when requested, shall grant to the heads of budget units a hearing
15 thereon which must be open to the public.

16 **SECTION 22. AMENDMENT.** Section 54-44.1-06 of the North Dakota Century Code is
17 amended and reenacted as follows:

18 **54-44.1-06. (Effective through June 30, 2003 2005) Preparation of the budget data**
19 **- Contents.** The director of the budget, through the office of the budget, shall prepare budget
20 data which must contain and include the following:

- 21 1. Summary statements of the financial condition of the state, accompanied by ~~such~~
22 the detailed schedules of assets and liabilities as the director of the budget ~~deems~~
23 determines desirable, which ~~shall~~ must include, ~~but not be limited to,~~ the following:
- 24 a. Summary statements of fund balances and assets showing in detail for each
25 fund the surplus or deficit at the beginning of each of the two fiscal years of
26 the previous biennium and the first fiscal year of the present biennium, the
27 actual revenue for those years, the total appropriations for the previous and
28 present biennium, and the total expenditures for those fiscal years; and
 - 29 b. Similar summary statements of the estimated fund balances and assets for
30 the current fiscal year and each of the fiscal years of the next biennium.

- 1 Summary statements may include, ~~but not be limited to~~, a comparative
2 consolidated balance sheet showing all the assets and liabilities of the state and
3 the surplus or deficit, as the case may be, at the close of the first fiscal year of the
4 current biennium.
- 5 2. Statements of actual revenue for the previous biennium, the first year of the
6 present biennium, and the estimated revenue of the current fiscal year and of the
7 next biennium, and a statement of unappropriated surplus expected to have
8 accrued in the state treasury at the beginning of the next fiscal year. The
9 statements of revenue and estimated revenue must be classified by sources and
10 by budget unit collecting them. Existing sources of revenue must be analyzed as
11 to their equity, productivity, and need for revision, and any proposed new sources
12 of revenue must be explained.
- 13 3. Summary statements of expenditures of the previous biennium and first year of the
14 present biennium, itemized by budget units and classified as prescribed by the
15 director of the budget.
- 16 4. Detailed comparative statements of expenditures and requests for appropriations
17 by funds, budget units and classification of expenditures, showing the expenditures
18 for the previous biennium, the first fiscal year of the present biennium, the budget
19 of the current biennium, and the governor's recommendation for appropriations for
20 each budget unit for the next biennium, all distributed according to the prescribed
21 classification of expenditures. Following the lists of actual and proposed
22 expenditures of each budget unit there must be a brief explanation of the functions
23 of the unit and comments on its policies and plans and on any considerable
24 differences among the amounts recommended, with ~~such~~ any descriptive,
25 quantitative, comparative, and other data as to work done, unit costs, and like
26 information as may be considered necessary or desirable. For capital outlay
27 expenditures involving construction projects to be completed in two or more fiscal
28 years, there must be shown the total estimated cost of each such project and the
29 amount thereof recommended to be appropriated and expended in each ensuing
30 fiscal year until completion of the project. Capital outlay needs may be projected
31 for at least two years beyond the period covered by the budget.

- 1 5. A detailed statement showing the estimate of all moneys required to be raised or
2 appropriated for the payment of interest upon the funded debt of the state and its
3 other obligations bearing interest, and the amount of money required to be
4 contributed in the two next ensuing fiscal years to the general sinking funds
5 maintained for the redemption and payment of the debts of the state.
- 6 6. A summary statement of the unappropriated fund balance estimated to be
7 available at the beginning of the next biennium, and the estimated revenue of the
8 next biennium, as compared with the total recommended amounts of appropriation
9 for all classes of expenditures for the next biennium, and if the total of the
10 recommended expenditures exceeds the total of the estimated resources,
11 recommendations as to how the deficiency is to be met and estimates of any
12 proposed additional revenue.
- 13 7. Drafts of proposed general and special appropriations acts embodying the budget
14 data and recommendations of the governor for appropriations for the next
15 biennium and drafts of such revenues and other acts recommended by the
16 governor for putting into effect the proposed financial plan. The recommended
17 general appropriation for each budget unit must be specified in a separate section
18 of the general appropriations act. The draft of the proposed appropriations act for
19 the North Dakota university system must include block grants for a base funding
20 appropriation and for an initiative funding appropriation for specific strategies or
21 initiatives and an appropriation for asset funding for renewal and replacement of
22 physical plant assets at the institutions of higher education ~~in the format approved~~
23 ~~by the fifty seventh legislative assembly.~~
- 24 8. A list of every individual asset or service, excluding real estate, with a value of at
25 least fifty thousand dollars and every group of assets and services comprising a
26 single system with a combined value of at least fifty thousand dollars acquired
27 through a capital or operating lease arrangement or debt financing arrangement by
28 a state agency or institution. The list must include assets or services acquired in
29 the current biennium and anticipated assets or services to be acquired in the next
30 biennium.

1 9. ~~Such~~ Any other information as the director of the budget ~~deems~~ determines
2 desirable or as is required by law.

3 **(Effective after June 30, 2003 2005) Preparation of the budget data - Contents.**

4 The director of the budget, through the office of the budget, shall prepare budget data which
5 must contain and include the following:

6 1. Summary statements of the financial condition of the state, accompanied by ~~such~~
7 the detailed schedules of assets and liabilities as the director of the budget ~~deems~~
8 determines desirable, which ~~shall~~ must include, ~~but not be limited to,~~ the following:

- 9 a. Summary statements of fund balances and assets showing in detail for each
10 fund the surplus or deficit at the beginning of each of the two fiscal years of
11 the previous biennium and the first fiscal year of the present biennium, the
12 actual revenue for those years, the total appropriations for the previous and
13 present biennium, and the total expenditures for those fiscal years; and
14 b. Similar summary statements of the estimated fund balances and assets for
15 the current fiscal year and each of the fiscal years of the next biennium.

16 Summary statements may include, ~~but not be limited to,~~ a comparative
17 consolidated balance sheet showing all the assets and liabilities of the state and
18 the surplus or deficit, as the case may be, at the close of the first fiscal year of the
19 current biennium.

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

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

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

- 1 recommended by the governor for putting into effect the proposed financial plan.
2 The recommended general appropriation for each budget unit must be specified in
3 a separate section of the general appropriations act.
- 4 8. A list of every individual asset or service, excluding real estate, with a value of at
5 least fifty thousand dollars and every group of assets and services comprising a
6 single system with a combined value of at least fifty thousand dollars acquired
7 through a capital or operating lease arrangement or debt financing arrangement by
8 a state agency or institution. The list must include assets or services acquired in
9 the current biennium and anticipated assets or services to be acquired in the next
10 biennium.
- 11 9. ~~Such~~ Any other information as the director of the budget ~~deems~~ determines
12 desirable or as is required by law.

13 **SECTION 23. AMENDMENT.** Section 54-44.1-11 of the North Dakota Century Code is
14 amended and reenacted as follows:

- 15 **54-44.1-11. (Effective through June 30, 2003 2005) Office of management and**
16 **budget to cancel unexpended appropriations - When they may continue.** Except as
17 otherwise provided by law, the office of management and budget, thirty days after the close of
18 each biennial period, shall cancel all unexpended appropriations or balances of appropriations
19 after the expiration of the biennial period during which they became available under the law.
20 Unexpended appropriations for the North Dakota university system are not subject to this
21 section and the North Dakota university system shall report on the amounts and uses of funds
22 carried over from one biennium to the next to subsequent appropriations committees of the
23 legislative assembly. The chairmen of the appropriations committees of the senate and house
24 of representatives of the legislative assembly with the office of the budget may continue
25 appropriations or balances in force for not more than two years after the expiration of the
26 biennial period during which they became available upon recommendation of the director of the
27 budget for:
- 28 1. New construction projects.
29 2. Major repair or improvement projects.

1 3. Purchases of new equipment costing more than ten thousand dollars per unit if it
2 was ordered during the first twelve months of the biennium in which the funds were
3 appropriated.

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

6 **(Effective after June 30, 2003 2005) Office of management and budget to cancel**
7 **unexpended appropriations - When they may continue.** The office of management and
8 budget, thirty days after the close of each biennial period, shall cancel all unexpended
9 appropriations or balances of appropriations after the expiration of the biennial period during
10 which they became available under the law. The chairmen of the appropriations committees of
11 the senate and house of representatives of the legislative assembly with the office of the
12 budget may continue appropriations or balances in force for not more than two years after the
13 expiration of the biennial period during which they became available upon recommendation of
14 the director of the budget for:

15 1. New construction projects.

16 2. Major repair or improvement projects.

17 3. Purchases of new equipment costing more than ten thousand dollars per unit if it
18 was ordered during the first twelve months of the biennium in which the funds were
19 appropriated.

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

22 **SECTION 24. EMERGENCY.** The capital assets line items contained in section 1 of
23 this Act and sections 12, 13, and 14 of this Act are declared to be an emergency measure.