

**FIRST ENGROSSMENT
with Senate Amendments**

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 provide statements of legislative intent; to provide for a general fund
4 transfer; to provide for a legislative council study; amend and reenact sections 15-10-08,
5 15-10-12, 54-44.1-04, 54-44.1-06, and 54-44.1-11 of the North Dakota Century Code, relating
6 to compensation of state board of higher education members, higher education institutions'
7 special revenue funds, budget requests and block grant appropriations, and unexpended
8 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	\$12,790,689
20 Competitive research	4,100,000
21 Centers for excellence	1,900,000
22 Board initiatives	485,306
23 System governance	4,472,850
24 Title II	695,600

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1	Technology pool	25,089,639
2	Operations pool	2,000,000
3	Contingency and capital emergency	1,752,767
4	Professional liability insurance	1,850,000
5	Student financial assistance grants	2,930,215
6	Professional student exchange program	1,678,300
7	Scholars program	1,066,368
8	Native American scholarships	204,086
9	Education incentive programs	<u>830,000</u>
10	Total all funds	\$61,845,820
11	Less estimated income	<u>3,855,507</u>
12	Total general fund appropriation	\$57,990,313
13	Subdivision 2.	
14	BISMARCK STATE COLLEGE	
15	Capital assets	\$250,000
16	Operations	<u>15,462,327</u>
17	General fund appropriation	\$15,712,327
18	Subdivision 3.	
19	LAKE REGION STATE COLLEGE	
20	Capital assets	\$44,831
21	Operations	<u>4,957,682</u>
22	General fund appropriation	\$5,002,513
23	Subdivision 4.	
24	WILLISTON STATE COLLEGE	
25	Capital assets	\$88,790
26	Operations	<u>5,312,371</u>
27	General fund appropriation	\$5,401,161
28	Subdivision 5.	
29	UNIVERSITY OF NORTH DAKOTA	
30	Capital assets	\$32,662,136
31	Operations	<u>84,733,126</u>

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1	Total all funds	\$117,395,262
2	Less estimated income	<u>30,300,000</u>
3	General fund appropriation	\$87,095,262
4	Subdivision 6.	
5		
6	Capital assets	\$16,737,531
7	Operations	<u>66,826,959</u>
8	Total all funds	\$83,564,490
9	Less estimated income	<u>15,000,000</u>
10	General fund appropriation	\$68,564,490
11	Subdivision 7.	
12		
13	Capital assets	\$4,442,420
14	Operations	<u>23,736,824</u>
15	Total all funds	\$28,179,244
16	Less estimated income	<u>3,668,920</u>
17	General fund appropriation	\$24,510,324
18	Subdivision 8.	
19		
20	Capital assets	\$5,393,962
21	Operations	<u>13,573,831</u>
22	Total all funds	\$18,967,793
23	Less estimated income	<u>5,000,000</u>
24	General fund appropriation	\$13,967,793
25	Subdivision 9.	
26		
27	Capital assets	\$414,589
28	Operations	<u>8,427,335</u>
29	Total all funds	\$8,841,924
30	Less estimated income	<u>150,000</u>
31	General fund appropriation	\$8,691,924

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1	Subdivision 10.	
2		MINOT STATE UNIVERSITY
3	Capital assets	\$612,850
4	Operations	<u>25,519,578</u>
5	General fund appropriation	\$26,132,428
6	Subdivision 11.	
7		VALLEY CITY STATE UNIVERSITY
8	Capital assets	\$265,334
9	Operations	<u>11,304,672</u>
10	General fund appropriation	\$11,570,006
11	Subdivision 12.	
12		MINOT STATE UNIVERSITY - BOTTINEAU
13	Capital assets	\$209,663
14	Operations	<u>4,052,856</u>
15	General fund appropriation	\$4,262,519
16	Subdivision 13.	
17		UNIVERSITY OF NORTH DAKOTA SCHOOL OF
18		MEDICINE AND HEALTH SCIENCES
19	Operations	<u>\$29,990,865</u>
20	General fund appropriation	\$29,990,865
21	Subdivision 14.	
22		NORTH DAKOTA FOREST SERVICE
23	Capital assets	\$146,061
24	Operations	<u>2,715,016</u>
25	Total all funds	\$2,861,077
26	Less estimated income	<u>1,090,001</u>
27	Total general fund appropriation	\$1,771,076
28	Grand total general fund appropriation H.B. 1003	\$360,663,001
29	Grand total estimated income appropriation H.B. 1003	\$102,524,428
30	Grand total all funds appropriation H.B. 1003	\$463,187,429

1 **SECTION 2. BOARD INITIATIVES.** The sum of \$485,306, or so much of the sum as
2 may be necessary, included in the board initiatives line item in subdivision 1 of section 1 of this
3 Act, must be used to support university system and statewide goals linked to the state board of
4 higher education strategic plan and the higher education roundtable report, as determined by
5 the board.

6 **SECTION 3. CAPITAL ASSETS.** The sum of \$12,790,689, or so much of the sum as
7 may be necessary, included in the capital assets line item in subdivision 1 of section 1 of this
8 Act, must be used by the state board of higher education to satisfy outstanding bond
9 obligations.

10 **SECTION 4. TECHNOLOGY POOL.** The sum of \$25,089,639, or so much of the sum
11 as may be necessary, included in the technology pool line item in subdivision 1 of section 1 of
12 this Act, must be used for the benefit of the institutions and entities under the control of the
13 state board of higher education, as determined by the board. Technology funding allocations
14 must be made based on historic funding and the North Dakota university system information
15 technology plan. Funds allocated pursuant to this section must be used to support the higher
16 education computer network, the interactive video network, the on-line dakota information
17 network, and other related technology initiatives as determined by the board.

18 **SECTION 5. OPERATIONS POOL.** The sum of \$2,000,000, or so much of the sum as
19 may be necessary, included in the operations pool line item in subdivision 1 of section 1 of this
20 Act, is to be allocated by the state board of higher education to the entities included in
21 section 1.

22 **SECTION 6. CONTINGENCY AND CAPITAL EMERGENCY.** The sum of \$296,693,
23 or so much of the sum as may be necessary, included in the contingency and capital
24 emergency line item in subdivision 1 of section 1 of this Act, must be used to meet unforeseen
25 operations or capital asset needs and opportunities, as determined by the state board of higher
26 education, at institutions and entities under the control of the board.

27 **SECTION 7. FEDERAL, PRIVATE, AND OTHER FUNDS - APPROPRIATION.** All
28 funds, in addition to those appropriated in section 1 of this Act, from federal, private, and other
29 sources, received by the institutions and entities under the control of the state board of higher
30 education are appropriated to those institutions and entities, for the biennium beginning July 1,
31 2003, and ending June 30, 2005. All additional funds received under the North

1 Dakota-Minnesota reciprocity agreement during the biennium beginning July 1, 2003, and
2 ending June 30, 2005, are appropriated to the state board of higher education for
3 reimbursement to institutions under the control of the board and for student financial assistance
4 grants, as determined by the board.

5 **SECTION 8. EXEMPTION.** The appropriations contained in section 1 of chapter 28 of
6 the 2001 Session Laws are not subject to the provisions of section 54-44.1-11.

7 **SECTION 9. UNEXPENDED GENERAL FUND - EXCESS INCOME.** Any unexpended
8 general fund appropriation authority to and any excess income received by the institutions and
9 entities under the control of the state board of higher education are not subject to the provisions
10 of section 54-44.1-11, and any unexpended funds from these appropriations or revenues are
11 available and may be expended by those entities, during the biennium beginning July 1, 2005,
12 and ending June 30, 2007.

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

18 **SECTION 11. STATE FORESTER RESERVE ACCOUNT - BUDGET SECTION**
19 **APPROVAL.** The estimated income line item in subdivision 2 of section 1 of this Act includes
20 the sum of \$115,000 from the state forester reserve account, established pursuant to section
21 4-19-01.2, for construction of equipment and supply storage buildings in Towner and Bottineau.
22 After receiving approval from the budget section, the forest service may obtain and utilize any
23 additional funds, which are appropriated for the biennium beginning July 1, 2003, and ending
24 June 30, 2005, to assist in the construction of the equipment and supply storage buildings.

25 **SECTION 12. WATER DEVELOPMENT TRUST FUND.** Notwithstanding section
26 54-27-25, the sum of \$1,456,074, or so much of the sum as may be necessary, included in the
27 contingency and capital emergency line item in subdivision 1 of section 1 of this Act, is from the
28 water development trust fund and may be spent by the state board of higher education for
29 disaster response costs, during the biennium beginning July 1, 2003, and ending June 30,
30 2005.

1 **SECTION 13. BOND ISSUANCE AUTHORIZATION - PURPOSES -**

2 **APPROPRIATION.** The state board of higher education, in accordance with chapter 15-55,
3 may arrange for the funding of the projects authorized in this section, declared to be in the
4 public interest, through the issuance of self-liquidating, tax-exempt evidences of indebtedness
5 under chapter 15-55, beginning with the effective date of this Act and ending June 30, 2005.
6 Evidences of indebtedness issued pursuant to this section are not a general obligation of the
7 state of North Dakota. Any unexpended balance resulting from the proceeds of the evidences
8 of indebtedness must be placed in a sinking fund to be used for the retirement of the
9 indebtedness. The evidences of indebtedness may be issued, and the proceeds are
10 appropriated, for the biennium beginning July 1, 2003, and ending June 30, 2005, for the
11 purpose of financing the following capital projects:

12 Bismarck state college - Student apartments	\$1,785,000
13 Lake region state college - North residence hall renovation	\$375,000
14 Mayville state university - Fieldhouse renovation and addition	\$3,000,000
15 University of North Dakota - Airport hangar	\$2,000,000
16 University of North Dakota - Wellness center and athletic complex	\$21,000,000
17 Valley City state university - Kolstoe hall renovation	\$3,300,000
18 North Dakota state university - Bison court construction	\$11,000,000
19 Mayville state university may obtain and utilize special funds to assist in the renovation and 20 addition of the fieldhouse. There is appropriated to Mayville state university the sum of 21 \$1,000,000, or so much as may be necessary, from any other funds that may become available 22 for this project, for the biennium beginning July 1, 2003, and ending June 30, 2005.	
23 Total special funds appropriation	\$43,460,000

24 **SECTION 14. STUDENT FINANCIAL ASSISTANCE GRANTS.** The funds
25 appropriated for student financial assistance grants in section 1 of this Act must be allocated
26 not less than twenty percent to students at private baccalaureate degree granting institutions
27 with the remaining funds allocated to students at public and native American institutions.

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

- 1 1. Education excellence, including:
 - 2 a. Student performance on nationally recognized exams in their major fields
 - 3 compared to the national averages.
 - 4 b. First-time licensure pass rates compared to other states.
 - 5 c. Alumni-reported and student-reported satisfaction with preparation in selected
 - 6 major, acquisition of specific skills, and technology knowledge and abilities.
 - 7 d. Employer-reported satisfaction with preparation of recently hired graduates.
 - 8 e. Biennial report on employee satisfaction relating to the university system and
 - 9 local institutions.
 - 10 f. Ratio of faculty and staff to students.
 - 11 g. Student graduation and retention rates.
- 12 2. Economic development, including:
 - 13 a. Enrollment in entrepreneurship courses and the number of graduates of
 - 14 entrepreneurship programs.
 - 15 b. Percentage of university system graduates obtaining employment appropriate
 - 16 to their education in the state.
 - 17 c. Number of businesses and employees in the region receiving training.
- 18 3. Student access, including:
 - 19 a. Proportion of residents of the state who are within a forty-five-minute drive of
 - 20 a location at which they can receive educational programs from a provider.
 - 21 b. Number and proportion of enrollments in courses offered by nontraditional
 - 22 methods.
- 23 4. Student affordability, including:
 - 24 a. Tuition and fees on a per student basis compared to the regional average.
 - 25 b. Tuition and fees as a percentage of median North Dakota household income.
 - 26 c. Cost per student in terms of general fund appropriations and total university
 - 27 system funding.
 - 28 d. Administrative, instructional, and other cost per student.
 - 29 e. Per capita general fund appropriations for higher education.
 - 30 f. State general fund appropriation levels for university system institutions
 - 31 compared to peer institutions general fund appropriation levels.

- 1 5. Financial operations, including:
- 2 a. Percentage of total university system funding used for instruction, research,
- 3 and public service.
- 4 b. Percentage of total university system funding used for institutional support,
- 5 operations, and maintenance of physical plant.
- 6 c. Ratio measuring the funding derived from operating and contributed income
- 7 compared to total university system funding.
- 8 d. Deferred maintenance ratio measuring the size of the university system's
- 9 outstanding maintenance as compared to its expendable net assets.
- 10 e. Viability ratio measuring the amount of expendable net assets as compared to
- 11 the amount of long-term debt.
- 12 f. Research expenditures in proportion to the amount of revenue generated by
- 13 research activity and funding received for research activity.
- 14 g. New construction and major renovation capital projects for which specific
- 15 appropriations are made, including budget to actual comparison, use of
- 16 third-party funding, and related debt.

17 **SECTION 16. GENERAL FUND TRANSFER.** The industrial commission shall transfer

18 to the general fund the sum of \$14,258,969 from the North Dakota student loan trust. The

19 moneys must be transferred as requested by the director of the office of management and

20 budget during the biennium beginning July 1, 2003, and ending June 30, 2005, and upon

21 certification by the student loan trust trustee that sufficient moneys remain available to pay all

22 debt service on student loan trust bonds, all required rebate payments to the United States

23 treasury, and all program operating expenses.

24 **SECTION 17. COMPETITIVE RESEARCH.** The competitive research line item in

25 subdivision 1 of section 1 of this Act includes \$100,000 for public private partnership for

26 establishment of a design center at the university of North Dakota. Federal and private

27 matching funds totaling \$300,000 must be leveraged by the North Dakota university system

28 prior to June 30, 2004, or the funding is to be made available for other competitive research

29 initiatives.

30 **SECTION 18. CENTERS FOR EXCELLENCE.** The centers for excellence line item in

31 subdivision 1 of section 1 of this Act includes \$1,400,000 for the John D. Odegard center for

1 aerospace science - center of excellence in multimedia technology and \$500,000 is for future
2 centers for excellence. Of the \$1,400,000, \$206,000 is for the expanded air service enterprise -
3 upper great plains air taxi service. Federal matching funding relating to the expanded air
4 service enterprise - upper great plains air taxi service must be leveraged by the North Dakota
5 university system prior to June 30, 2004, or the funding is to be made available for other
6 centers for excellence. The funding for future centers for excellence is to be distributed by the
7 state board of higher education based on determination of centers for excellence by the
8 department of commerce foundation board.

9 **SECTION 19. EDUCATION INCENTIVE PROGRAMS.** The funding appropriated for
10 education incentive programs may be allocated to education incentive programs as determined
11 by the state board of higher education, including the reduction or elimination of specific
12 programs, and the state board of higher education may determine the appropriate number of
13 years of program eligibility for each education incentive program.

14 **SECTION 20. TRANSFER AUTHORITY.** If, during the biennium beginning July 1,
15 2003, and ending June 30, 2005, the state board of higher education determines that funds
16 allocated to institution operations in section 1 of this Act are needed for capital projects or
17 extraordinary repairs, the board may transfer funds from operations to capital assets. The
18 board shall report any transfer of funds under this section to the office of management and
19 budget.

20 **SECTION 21. LEGISLATIVE COUNCIL STUDY - HIGHER EDUCATION.** The
21 legislative council shall consider continuing the study of higher education during the 2003-04
22 interim. If conducted, the study may include the use of the higher education roundtable format.
23 The study should further refine the expectations of the North Dakota university system in
24 meeting the state's needs in the twenty-first century, the funding methodology needed to meet
25 those expectations and needs, and the accountability system and reporting methodology for the
26 university system. The legislative council shall report its findings and recommendations,
27 together with any legislation required to implement the recommendations, to the fifty-ninth
28 legislative assembly.

29 **SECTION 22. CONSTRUCTION OF BASKETBALL ARENA - APPROVAL.** The state
30 board of higher education may approve amendments to terms of the agreement entered under
31 chapter 159 of the 1999 Session Laws and may authorize the construction of a basketball

1 arena on the site authorized under that legislation for the university of North Dakota to be
2 financed with private funds.

3 **SECTION 23. PURCHASE OF HOTEL - APPROVAL.** The state board of higher
4 education may authorize the university of North Dakota to purchase a hotel and land upon
5 which the hotel is located within the city of Grand Forks for use as a student residence facility
6 for a sum not to exceed \$1,200,000, under terms approved by the board. The university of
7 North Dakota may utilize available housing reserve funds for the purchase.

8 **SECTION 24. MAYVILLE STATE UNIVERSITY - FIELDHOUSE RENOVATION AND**
9 **ADDITION - REVENUE NOTE.** The state board of higher education may, as an alternative to
10 issuing revenue bonds to finance the Mayville state university fieldhouse renovation and
11 addition authorized in section 13 of this Act, enter an agreement or agreements and do all
12 things necessary to finance this improvement with a tax-exempt revenue note, under terms and
13 conditions acceptable to the board. The proceeds of the revenue note must be used to pay all
14 or part of the cost of construction, equipment, and furnishing of the Mayville state university
15 fieldhouse, costs of issuance, interest, and any reasonable required reserve. The note may be
16 issued based on the pledge of revenues generated by the fieldhouse, student fees, local sales
17 tax revenues dedicated to the improvement, and assignment of capital campaign collections or
18 other private funds. A revenue note authorized by this section may not constitute a direct
19 obligation of the state or any agency or political subdivision of the state within the meaning of
20 any statutory or constitutional provision. The principal and interest on the note must be payable
21 solely from revenues generated by the fieldhouse, student fees, local sales tax revenues
22 dedicated to the improvement, and assignment of capital campaign collections or other private
23 funds.

24 **SECTION 25. LEGISLATIVE INTENT - UNIVERSITY OF NORTH DAKOTA SCHOOL**
25 **OF MEDICINE AND HEALTH SCIENCES.** It is the intent of the fifty-eighth legislative
26 assembly that funding of \$395,000 included in the operations line item in subdivision 13 of
27 section 1 of this Act is considered one-time funding and the funding is not to be included in the
28 university of North Dakota school of medicine and health sciences base funding for
29 determination of funding requests for the 2005-07 biennium.

30 **SECTION 26. AMENDMENT.** Section 15-10-08 of the North Dakota Century Code is
31 amended and reenacted as follows:

1 **15-10-08. Compensation of board members - Expenses - Legislative**

2 **appropriations.** Each member of the state board of higher education, except the student
3 member, is entitled to receive as compensation ~~sixty-two~~ one hundred dollars ~~and fifty cents~~
4 per day for each calendar day actually spent devoted to the duties of office, and necessary
5 expenses in the same manner and amounts as other state officials for attending meetings and
6 performing other functions of office. The legislative assembly shall provide adequate funds to
7 carry out the functions and duties of the board.

8 **SECTION 27. AMENDMENT.** Section 15-10-12 of the North Dakota Century Code is
9 amended and reenacted as follows:

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

1 ~~15-10-15~~. Payments from each institution's general fund appropriation must be made in
2 amounts as may be necessary for the operation and maintenance of each institution. The
3 funds in the institution accounts are appropriated on a continuing basis to the state board of
4 higher education. All such appropriations are subject to proration in the same manner as other
5 appropriations are prorated if insufficient funds are available to meet expenditures from the
6 general fund. Sinking funds for the payment of interest and principal of institutional revenue
7 bonds must be deposited pursuant to section 15-55-06.

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

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

1 institution's general fund appropriation must be made in amounts as may be necessary for the
2 operation and maintenance of each institution, except that at the close of the biennium the
3 balance of funds not paid from the general fund appropriation must be deposited in the special
4 revenue funds of the institutions. All such appropriations are subject to proration in the same
5 manner as other appropriations are prorated if insufficient funds are available to meet
6 expenditures from the general fund. Sinking funds for the payment of interest and principal of
7 institutional revenue bonds must be deposited pursuant to section 15-55-06.

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

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

1 **(Effective after June 30, 2003 2005) Budget estimates of budget units filed with**
2 **the office of the budget - Deadline.** The head of each budget unit, not later than July fifteenth
3 of each year next preceding the session of the legislative assembly, shall submit to the office of
4 the budget, estimates of financial requirements of the person's budget unit for the next two
5 fiscal years, on the forms and in the manner prescribed by the office of the budget, with such
6 explanatory data as is required by the office of the budget and such additional data as the head
7 of the budget unit wishes to submit. The estimates so submitted must bear the approval of the
8 board or commission of each budget unit for which a board or commission is constituted. The
9 director of the budget may extend the filing date for any budget unit if the director finds there is
10 some circumstance ~~which~~ that makes it advantageous to authorize the extension. If a budget
11 unit has not submitted its estimate of financial requirements by the required date or within a
12 period of extension set by the director of the budget, the director of the budget shall prepare
13 ~~such~~ the budget unit's estimate of financial requirements except ~~such~~ the estimate may not
14 exceed ninety percent of ~~such~~ the budget unit's previous biennial appropriation. The director of
15 the budget or ~~such~~ a subordinate officer as the director shall designate shall examine the
16 estimates and shall afford to the heads of budget units reasonable opportunity for explanation
17 in regard thereto and, when requested, shall grant to the heads of budget units a hearing
18 thereon which must be open to the public.

19 **SECTION 29. AMENDMENT.** Section 54-44.1-06 of the North Dakota Century Code is
20 amended and reenacted as follows:

21 **54-44.1-06. (Effective through June 30, 2003 2005) Preparation of the budget**
22 **data - Contents.** The director of the budget, through the office of the budget, shall prepare
23 budget data which must contain and include the following:

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

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

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

1 the current biennium and anticipated assets or services to be acquired in the next
2 biennium.

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

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

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

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

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

16 b. Similar summary statements of the estimated fund balances and assets for
17 the current fiscal year and each of the fiscal years of the next biennium.

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

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

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

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

16 **SECTION 30. AMENDMENT.** Section 54-44.1-11 of the North Dakota Century Code is
17 amended and reenacted as follows:

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

- 1 2. Major repair or improvement projects.
- 2 3. Purchases of new equipment costing more than ten thousand dollars per unit if it
- 3 was ordered during the first twelve months of the biennium in which the funds were
- 4 appropriated.
- 5 4. The purchase of land by the state on a "contract for deed" purchase if the total
- 6 purchase price is within the authorized appropriation.

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

- 16 1. New construction projects.
- 17 2. Major repair or improvement projects.
- 18 3. Purchases of new equipment costing more than ten thousand dollars per unit if it
- 19 was ordered during the first twelve months of the biennium in which the funds were
- 20 appropriated.
- 21 4. The purchase of land by the state on a "contract for deed" purchase if the total
- 22 purchase price is within the authorized appropriation.

23 **SECTION 31. EMERGENCY.** The capital assets and contingency and capital
24 emergency line items contained in section 1 of this Act and sections 12 and 13 of this Act are
25 declared to be an emergency measure.