

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION  
SFN 2053 (2/85) 5M



ROLL NUMBER
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DESCRIPTION

1032

2007 HOUSE APPROPRIATIONS

HB 1032

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1032

House Appropriations Committee  
Education and Environment Division

Check here for Conference Committee

Hearing Date: January 16, 2007

Recorder Job Number: 1146

Committee Clerk Signature

*Shirley Branning*

Minutes:

**Chairman Wald** opened the hearing on HB 1032 which permits the carryover of unexpended funds from biennium to the next.

**Eddie Dunn** Representing the North Dakota University System (NDUS) (See attached handout 1-HB 1030, 1031, and 1032 pp. 2 and 3). This bill does require the NDUS to report carry over amounts from one biennium to the next. He highlighted some of the benefits of these three bills. The increased flexibility of these three bills is seen as visible signs in building the trust in ongoing relationships.

**Representative Guleson:** On page 2, line 18 of the bill – say under new construction projects, if you receive just the planning portion of the dollars, would that still give you permission to move forward with the entire project or would you have to move on later?

**Dunn:** No, this is a phased project.

**Laura Glatt,** Vice Chancellor for Administration, NDUS: No, the budget before you is two different sets of project appropriations. One is where the state is putting money in for state funded projects, about \$135 million in non state funded projects.

**Representative Guleson:** What did you say the non state amount was?

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House Appropriations Committee

Education and Environment Division

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**Glatt:** I am quoting off the top of my head which is dangerous. Some are private donations, some we'll get and some we won't. We will come back to you every session and get a reauthorization.

**Chairman Wald:** You referred to the football stadium at DSU, if private funds came through, your request addresses that.

**Glatt:** There is appropriation authorization for them to accept and expend that money.

**Vice Chairman Monson:** All projects 1-6 in the bill have to be approved by the legislature before you can carry on. One that jumped out at me was the purchase of land by the state on a contract for deed. That too would have to be approved by the legislature.

**Roxanne Woeste** Legislative Council representative, explained line by line items 1-6. On page 1 line 16 that means that they get to carry over their appropriations from one biennium to the next. This is for everyone else, all other institutions, but not higher ed. They cannot continue past 2 years.

**Representative Hawken:** It appears that each budget we heard last week they asked for continuing authority.

**Glatt:** The statute says that revenue bond projects can be carried over up to four years.

**Chairman Wald:** What are your wishes?

**Representative Martinson:** Further discussion.

**Hearing Closed**

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1032

House Appropriations Committee  
Education and Environment Division

Check here for Conference Committee

Hearing Date: February 6, 2007

Recorder Job Number: 2882

Committee Clerk Signature

*Shirley Branning*

Minutes:

**Chairman Wald:** Called the meeting to order to take up HB 1032. Roxanne, I have highlighted lines 15-22. Carry over from one biennium to the next.

**Roxanne Woeste,** Legislative Council Representative, We are extending this provision for two more years which allows the University System to carry over any of their unexpended general fund dollars. All general fund money for the board office and higher education.

**Representative Klein:** Why is the Historical Society included in the higher education bill?

**Woeste:** The Historical Society also receives a similar exemption, so we are in the section of code. There is nothing to be concerned about the Historical Society. They are in the Section of Code, effective through 2007 and affective after 2007. There are no changes whatsoever with the State Historical Society bill.

**Vice Chairman Monson:** On line 15, p. 1 This is every appropriation, not just projects.

**Chairman Wald:** On page 2, starting on line 18, "The chairman of appropriations of the House and Senate....." Are we saying that if there is an appropriation of more than one biennium...

**Woeste:** Stick to page 1 of the bill, Section of Code 54-44. 1-11. There are provisions that are effective through June 30, 2007 and the same Section of Code that would be effective after

that. There is a slight change in each one and has to do with the North Dakota University System that allows them to carry over their appropriation. What this bill is doing is striking out 2007 and putting in 2009 and says that the bill's first provision that allows the carry over will continue through 2009.

**Representative Hawken:** When we looked at this two years ago, the only discussion was on the date so that this would be appropriated every two years.

**Chairman Wald:** If there is no further discussion, I will ask for a motion to **DO PASS**.

**Representative Klein:** So move

**Representative Aarsvold:** Second

**Chairman Wald:** Instruct the clerk to call the roll on a DO PASS on HB 1032.

**Vote:** 7 yes, 0 no, 0 absent

**Carrier:** Representative Aarsvold:

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1032

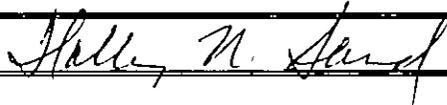
House Appropriations Committee

Check here for Conference Committee

Hearing Date: February 6, 2007

Recorder Job Number: 2979

Committee Clerk Signature



Minutes:

**Chm. Svedjan** opened the hearing on HB 1032.

**Rep. Aarsvold** described HB 1032. This bill authorized Higher Education to retain their unspent general fund appropriation from one biennium to the next, and it changes the sunset to 2009. The intent is to curb any unwise spending near the end of the biennium when the institution or the board office finds themselves with more funds than they've spent during the biennium.

**Rep. Aarsvold** moved a Do Pass to HB 1027. **Rep. Wald** seconded the motion.

**Chm. Svedjan:** The fiscal note is here because of the amount of turnover, correct?

**Rep. Aarsvold:** That's correct.

**Rep. Skarphol:** Why is the State Historical Society included in this?

**Rep. Aarsvold:** The Historical Society is in the same section of code as the Higher Education and we specifically exclude the Historical Society because we are targeting the Higher Ed program.

**Rep. Skarphol:** Why are there two sections that seem to be redundant?

**Roxanne Woeste, Legislative Council:** Each bill has two sections. The provisions that we've enacted the past two legislative sessions have been in effect for two years. On this particular bill, lines 15, 16 and 17 give the authority to carry over those dollars that section is only in effect for two years. After that date, the other section would take effect.

The Do Pass motion to HB <sup>1032</sup>~~1027~~ carried by a roll call vote of 22 ayes, 0 nays and 2 absent and not voting. Rep. Aarsvold was designated to carry the bill.

**FISCAL NOTE**  
 Requested by Legislative Council  
 12/26/2006

Bill/Resolution No.: HB 1032

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures	\$5,000,000		\$5,000,000			
Appropriations						

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Provides for an extension of the carryover legislation for two more years (to June 30, 2009), permitting carryover of unspent general funds from 05-07 to 07-09. This bill is part of a three bill series which extends the Roundtable on Higher Education "flexibility with accountability."

B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Based on 05-07 actual carryover, the NDUS is projecting a similar amount for 07-09. This carryover is used to assist with unfunded costs in 07-09 and to help reduce future tuition increases.

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

<b>Name:</b>	Laura Glatt	<b>Agency:</b>	NDUS
<b>Phone Number:</b>	328-4116	<b>Date Prepared:</b>	01/12/2007



Date: 2/6/07  
 Roll Call Vote #: 1

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
 BILL/RESOLUTION NO. 1032

House Appropriations Full Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Pass

Motion Made By Aarsvold Seconded By Ward

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan	✓				
Vice Chairman Kempenich	✓				
Representative Wald	✓		Representative Aarsvold	✓	
Representative Monson	✓		Representative Gulleason	✓	
Representative Hawken	✓				
Representative Klein	✓				
Representative Martinson	✓				
Representative Carlson	✓		Representative Glassheim	✓	
Representative Carlisle	✓		Representative Kroeber	✓	
Representative Skarphol	✓		Representative Williams	✓	
Representative Thoreson	✓				
Representative Pollert	✓		Representative Ekstrom	✓	
Representative Bellew	✓		Representative Kerzman	✓	
Representative Kreidt	✓		Representative Metcalf	✓	
Representative Nelson	✓				
Representative Wieland	✓				

Total (Yes) 22 No 0

Absent 2

Floor Assignment Aarsvold

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE (410)**  
February 8, 2007 9:24 a.m.

**Module No: HR-25-2484**  
**Carrier: Aarsvold**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**HB 1032: Appropriations Committee (Rep. Svedjan, Chairman) recommends DO PASS**  
(22 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). HB 1032 was placed on the  
Eleventh order on the calendar.

2007 SENATE APPROPRIATIONS

HB 1032

## 2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1032

Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: 02-26-07

Recorder Job Number: 3864

Committee Clerk Signature



Minutes:

Chairman Holmberg opened the hearing on HB 1032.

**Chancellor Eddie Dunn, NDUS**, presented written testimony describing what HB 1030, 1031, and 1032 do indicating they are very important to the operation of the University System. HB 1032 permits carryover funds from one biennium to the next. Taking all three of the bills together is seen as a visible support for campuses.

**Senator Christmann** asked if there was any instance where the university system turns funds back to the general fund. The response was this legislation allows institutions to retain carryover by individual institution.

**Senator Christmann** asked about the money available for capital repairs and does any of this money get rolled over into capital repairs. The response to both questions was there will be a review of all of the programs and this will be covered at that time.

Legislative Council responded that if campuses do not use all of the funds appropriated for capital asset, this provision allows them to carryover those funds.

**Chairman Holmberg** closed the hearing on HB 1032.

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Senate Appropriations Committee

Bill/Resolution No. 1032

Hearing Date: 02-26-07

**Senator Grindberg moved a do pass on HB 1032, Senator Robinson seconded.**

**Discussion followed. A roll call vote was taken resulting in 10 yes, 2 no, 2 absent. The motion passed. Senator Grindberg will carry the bill.**

Date: 2/26/07  
Roll Call Vote #:

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1032

Senate Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Pass

Motion Made By \_\_\_\_\_ Seconded By \_\_\_\_\_

Senators	Yes	No	Senators	Yes	No
Chairman Ray Holmberg	✓		Senator Aaron Krauter		
Vice Chairman Bill Bowman		✓	Senator Elroy N. Lindaas		
Vice Chairman Tony Grindberg	✓		Senator Tim Mathern	✓	
Senator Randel Christmann		✓	Senator Larry J. Robinson	✓	
Senator Tom Fischer	✓		Senator Tom Seymour	✓	
Senator Ralph L. Kilzer	✓		Senator Harvey Tallackson	✓	
Senator Karen K. Krebsbach	✓				
Senator Rich Wardner	✓				

Total (Yes) 10 No 2

Absent \_\_\_\_\_

Floor Assignment Grindberg

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE (410)**  
February 26, 2007 3:43 p.m.

**Module No: SR-36-3932**  
**Carrier: Grindberg**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**HB 1032: Appropriations Committee (Sen. Holmberg, Chairman) recommends DO PASS**  
(10 YEAS, 2 NAYS, 2 ABSENT AND NOT VOTING). HB 1032 was placed on the  
Fourteenth order on the calendar.

2007 TESTIMONY

HB 1032

# Testimony to House Appropriations Education and Environment Division on HB1030, 1031, and 1032

by Chancellor Eddie Dunn  
North Dakota University System

January 16, 2007

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Chairman Wald and members of the House Appropriations Education and Environment Division. For the record, I am Eddie Dunn, Chancellor of the North Dakota University System.

The University System appreciates the opportunity to appear before you today in support of HB 1030, 1031 and 1032. These three bills are part of the "flexibility with accountability legislation" and are very important to the colleges and universities. They continue the "flexibility with accountability legislation" for another two-year period through June 30, 2009. These measures were first implemented in the 2001 session, based on the recommendations of the Roundtable on Higher Education, and have been re-enacted each session since that time. As you heard this past week from all of the institutions that testified, this legislation has been extremely important and a major factor in the successes they are having regarding enhancing the economy and in academic achievements.

## What Do These Bills Do?

**HB1030:** Under this bill, tuition revenues at NDUS campuses would be appropriated in the same way all other institutional funds such as grants and contracts, auxiliary revenues and private funds are appropriated for another two-year period, through June 30, 2009.

All income, including tuition revenues, would continue to be deposited with the Bank of North Dakota. All income would also continue to be disclosed as part of the biennial budget process as required on page 2, lines 1-4 of HB1030 as follows:

*"Biennial estimates of revenue and expenditures of the other funds by source of funds must be presented at the same time biennial budget requests for appropriations from the special revenue fund and state general fund are prepared and submitted to the office of the budget."*

All NDUS income would also continue to be subject to an annual financial audit performed by the State Auditor's Office and would be disclosed, in detail, in the NDUS's and state's annual comprehensive financial statement (CAFR).

**HB1031:** This bill provides for appropriations in two line items for operations and capital assets; and for specific strategies or initiatives for another two-year period, through June 30, 2009.

The bill continues the current 2005-07 appropriation bill format of two line items- Operations and Capital Assets. Funds can either be appropriated by campus as was done in 2005-07, or, in a block grant to the SBHE for allocation to the campuses. That decision is still left to each legislature. The main purpose of the bill provides that appropriations will be made in two line items either to the campus or board. It also provides that appropriations be made for initiative funding. HB1003, section 12 permits the SBHE to transfer funds from operations to capital assets as needed; however, transfers from capital assets to operations is not permitted.

**HB1032:** Permits the carryover of unexpended funds from one biennium to the next. The bill requires the NDUS to report carryover amounts from one biennium to the next to the appropriations committee. Each campus provided this information, as it relates to carryover amounts from the 2003-05 biennium to the 2005-07 biennium, as part of their budget presentation.

Some of the benefits of these three bills are:

- Campuses that have growing enrollments are able to hire faculty and add class sections on a timely and responsive basis since tuition revenues are available immediately rather than waiting for lengthy approval processes.
- Campuses are better able to manage spending priorities and allocate resources to high priority needs, without burdensome approval processes.
- The campuses are using the carryover funds to leverage and attract more non-state revenue sources from federal grants and private partnerships.
- Campuses are better able to respond to donors and proceed with timely (and often less costly) construction.
- Campuses are leveraging these funds and developing many more private sector partnerships through entities such as research and technology parks.
- Campuses are better able to maximize their revenues and manage their enrollment targets.
- Significant staff time is being saved in development of biennial budgets, but comprehensive annual budgets are prepared.
- Permits campuses to plan and adjust expenditures between biennia to maximize resources and benefits.

Taken together, the increased flexibility provided by these three bills, is seen as a visible sign of building a trusting relationship and also a sign of support for campuses to be more entrepreneurial. I believe the evidence provided by each campus last week during the presentations by each of the colleges and universities demonstrates the significant benefits that have resulted from this legislation over the past several years.

Thank you. I will be happy to answer any questions.