

2013 SENATE EDUCATION

SB 2095

2013 SENATE STANDING COMMITTEE MINUTES

Senate Education Committee
Missouri River Room, State Capitol

SB 2095
1-16-13
17276

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to state board of higher education deposits and expenditures

Minutes:

You may make reference to "attached testimony."

Chairman Flakoll opened the hearing on SB 2095

Laura Glatt, Vice Chancellor for Administrative Affairs, North Dakota University

System: I wish to testify in support of SB 2095. (See attachment #1 for written testimony).

Chairman Flakoll: Any questions? So they have been violating state law then if they haven't been using warrant checks and doing what they want?

Laura Glatt, Vice Chancellor for Administrative Affairs, North Dakota University

System: Quite honestly we weren't even aware that section of law was on the books until the State Auditors recently raised it to our attention as part of their performance audit. They were going through the statute looking at references and finding some obsolete sections that need to come out of state law.

Chairman Flakoll: Could you email the section from the Auditor's report that would reference this.

Laura Glatt, Vice Chancellor for Administrative Affairs, North Dakota University

System: The auditors haven't released a draft report to us. This came to our knowledge as we had interviews and discussions with them as they've been progressing through the audit so we have nothing in writing yet. Since we were coming up against the bill deadline date and were aware of it we wanted to get it in the hopper.

Senator Poolman: Is the Auditor's office in favor of this change?

Laura Glatt, Vice Chancellor for Administrative Affairs, North Dakota University

System: You would have to ask them directly. I expect they would be but you would have to direct that to them.

Chairman Flakoll: Are there any other questions? Does anyone else wish to testify in support of SB 2095? Does anyone wish to testify in opposition of SB 2095? Seeing none we will close the hearing on SB 2095.

2013 SENATE STANDING COMMITTEE MINUTES

Senate Education Committee
Missouri River Room, State Capitol

SB 2095
1/16/2013
17311

Conference Committee

Committee Clerk Signature

Explanation or reason for introduction of bill/resolution:

Relating to state board of higher education deposits and expenditures

Minutes:

You may make reference to "attached testimony."

Chairman Flakoll: Opened SB 2095 for committee discussion. The section of law that the University System asked us to repeal is 15-62.2-04 are you familiar with that Mr. Smith?

Gordy Smith, Audit Manager for Performance Audit Section of the North Dakota

Office of the State Auditor: I was not until this morning. I spoke with the audit manager in Fargo that is in charge of the University System's financial audits and in discussion with him, if you pass the repealer, the second section of code is outdated. If you repeal you are eliminating a section that is outdated. The university system does have separate funds for each of those student loan programs and student loan scholarship. If you repeal it I can't predict how the University system would change anything but I think something important is that is a separate line item in their appropriation and typically the language there requires there be a separate accounting for those two programs. We have not had any troubles with the way the university system is keeping track of those two programs separately on the accounting system.

Chairman Flakoll: In the language of expended in accordance with legislative appropriations removal, it has drawn a little interest on house and senate floor.

Gordy Smith, Audit Manager for Performance Audit Section of the North Dakota

Office of the State Auditor: As an auditor, I take comfort in that their appropriation bill it is a separate line item and calls for it to be accounted separately. So to me as an auditor I don't see a problem with it.

Chairman Flakoll: If we remove the last sentence with the warrant check preparation, would we meet the recommendations of the Auditor's office?

Gordy Smith, Audit Manager for Performance Audit Section of the North Dakota

Office of the State Auditor: I can't talk about an ongoing audit. I can say it will be done near the end of February. I would suggest you repeal the last section due to it being outdated.

Chairman Flakoll: The system office knew something was going on.

Senator Heckaman: We had testimony this morning that they had not received some findings. Did they receive some?

Gordy Smith, Audit Manager for Performance Audit Section of the North Dakota

Office of the State Auditor Where they are looking at having not received any findings are the financial audit reports that are done. There have not been any findings. What they were looking at when the auditors go in is the losses. They would have tested some of the expenditures to make sure it was a scholarship or a financial aid. That is what higher education meant. In the past they haven't had any findings related to those funds.

Chairman Flakoll: We were not given any specific references to any specific audit.

Senator Poolman: I just want to clarify that the only part of this that is not outdated is the last sentence.

Gordy Smith, Audit Manager for Performance Audit Section of the North Dakota

Office of the State Auditor: That is the only part that would not be applicable.

Chairman Flakoll: Any other questions for Mr. Smith?

Jeb Oehlke, Deputy State Treasurer: I did have a chance to look over the statute. I concur it is outdated and I would agree with amending that out. I really can't speak to the remainder of this section of code though.

Chairman Flakoll: Further questions? Committee do you wish to have an amendment drafted?

Vice Chairman Schaible: I would move that we have an amendment drafted to strike the last sentence of the paragraph and leave the rest.

Senator Poolman: Seconded.

Chairman Flakoll: Clarified amendment. Discussion?

A Roll Call Vote was taken for the amendment: 6 yeas 0 nays, 0 absent.

Vice Chairman Schaible: I move that we offer a do pass as amended to SB 2095.

Seconded by Senator Poolman

A Roll Call Vote was taken for a Do pass to SB 2094: 6 yeas 0 nays, 0 absent.

Senator Luick will carry the bill.

January 16, 2013

JB
1/17/13

PROPOSED AMENDMENTS TO SENATE BILL NO. 2095

Page 1, line 1, after "A BILL for an Act to" replace the remainder of the bill with "amend and reenact section 15-62.2-04 of the North Dakota Century Code, relating to state board of higher education deposits and expenditures.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 15-62.2-04 of the North Dakota Century Code is amended and reenacted as follows:

15-62.2-04. Funds received by the state board of higher education - Where deposited - How appropriated - How expended.

Funds received by the state board of higher education must be deposited in the state treasury in special funds to be known as the North Dakota student financial assistance fund and the North Dakota scholarship fund and expended in accordance with legislative appropriations. ~~All expenditures from these funds must be paid by warrant check prepared by the office of management and budget upon vouchers submitted by the state board of higher education."~~

Renumber accordingly

Date: 1/14
Roll Call Vote #: 1

2013 SENATE STANDING COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. 2095

Senate Education Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Amendment

Motion Made By Sen. Schaible Seconded By Sen. Poolman

Senators	Yes	No	Senator	Yes	No
Chairman Tim Flakoll	✓		Senator Joan Heckaman	✓	
Vice Chairman Donald Schaible	✓		Senator Richard Marcellais	✓	
Senator Larry Luick	✓				
Senator Nicole Poolman	✓				

Total (Yes) 4 No 0

Absent 0

Floor Assignment _____

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

Date: 1/16
Roll Call Vote #: 2

2013 SENATE STANDING COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. 2095

Senate Education Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass As Amended

Motion Made By Sen. Schaible Seconded By Sen. Luick

Senators	Yes	No	Senator	Yes	No
Chairman Tim Flakoll	✓		Senator Joan Heckaman	✓	
Vice Chairman Donald Schaible	✓		Senator Richard Marcellais	✓	
Senator Larry Luick	✓				
Senator Nicole Poolman	✓				

Total (Yes) 4 No 0

Absent 0

Floor Assignment Senator Luick

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

REPORT OF STANDING COMMITTEE

SB 2095: Education Committee (Sen. Flakoll, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2095 was placed on the Sixth order on the calendar.

Page 1, line 1, after "A BILL for an Act to" replace the remainder of the bill with "amend and reenact section 15-62.2-04 of the North Dakota Century Code, relating to state board of higher education deposits and expenditures.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 15-62.2-04 of the North Dakota Century Code is amended and reenacted as follows:

15-62.2-04. Funds received by the state board of higher education - Where deposited - How appropriated - How expended.

Funds received by the state board of higher education must be deposited in the state treasury in special funds to be known as the North Dakota student financial assistance fund and the North Dakota scholarship fund and expended in accordance with legislative appropriations. ~~All expenditures from these funds must be paid by warrant check prepared by the office of management and budget upon vouchers submitted by the state board of higher education."~~

Renumber accordingly

2013 HOUSE EDUCATION

SB 2095

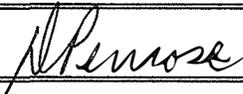
2013 HOUSE STANDING COMMITTEE MINUTES

House Education Committee
Pioneer Room, State Capitol

SB 2095
March 13, 2013
19824

Conference Committee

Committee Clerk Signature



Minutes:

Ch. Nathe: We will open the hearing on SB 2095.

Laura Glatt, Vice Chancellor, Administrative Affairs, NDUS: Support (see attached #1).

Rep. B. Koppelman: On the original bill, you stated that it was amended. I understand from your testimony that you're wondering why lines 8 through 10 remain, but what else was amended in the bill.

Laura Glatt: If you reference my testimony on the first page in *italics*, about 1/3 of the way down, is the entire statute that we are talking about. The bill was introduced overstruck all of the language. It was amended in the Senate to retain the first sentence. The first sentence is the one that requires additional special funds to be set up and I guess it's unclear to us why that's necessary and again in visiting with Legislative Council staff, Brady in particular, who handles the Higher Ed portfolio, he would agree that there isn't probably a reason to retain that language and have them set up in a special fund.

Ch. Nathe: Thank you.

Gordy Smith, Audit Manager, State Auditor's Office: Neutral. I also got asked that question when it was on the Senate side. I think the legislators on the Senate Education Committee were especially concerned about the last part on line 10, in regard to expend it in accordance with legislative appropriations. I will say that there is a section of Code that states, if law says it has to be in a separate fund, that it really doesn't have to be in a separate fund as long as it is separately accounted for. You could have one fund with 50 sources of revenue in it, and if you use the right account codes in there every time expenditure was made or money was received, you would still be able to account for all that separately.

Ch. Nathe: On paper you keep it separate, but as far as collections, it's all in one account.

Gordy Smith: Yes. You can do that because there is a section of Code for that. I think some of the committee members in the Senate were concerned about removing

anything that said in accordance with legislative appropriations. I think that was their concern, at least while I was in the room. I will say that, we had just finished a performance audit at the University System office. We did cite for them, there are two other sections of Code that use the language that has been struck on lines 11 and 12, as far as warrant checks being issued by OMB; because that Code language is obsolete, and obviously it would be up to this committee or the University System office if they wanted to include those two sections of Code, so you wipe out all the obsolete language.

Rep. B. Koppelman: If I understand what you and Ms. Glatt are saying the concerns of the other committee were, would it be reasonable on line 9 to strike starting "in special funds" and the remainder of line 9, and on line 10, striking "the North Dakota Scholarship Fund", so that the sentence reads, "funds received by the State Board of Higher Education must be deposited in the State Treasury and expended in accordance with legislative appropriations." Would that take care of both concerns, where you don't have to put them in truly a special fund, but yet they still have to be spent in the way the legislature intended.

Gordy Smith: That's certainly an option. To be honest with you, the reason some of the senators were concerned is that some of the money that Higher Education receives is subject to continuing appropriation; whereas as separate line items these would be subject, there is a specific appropriation that says how much can be spent. I don't know, again, if we did exactly as you stated if we would then be saying that all funds from Higher Ed were going to have to be expended in accordance with legislative appropriations. They are legislative appropriations; it's just that they are continuing appropriations versus specific appropriations.

Ch. Nathe: Thank you. Further testimony in support. Testimony in opposition. We will close the hearing on SB 2095.

Ch. Nathe: Let's take a look at SB 2095.

Rep. B. Koppelman: I don't know what the committee thinks of this, so I am not going to propose it as an amendment. We should probably decide if we think that once Ms. Glatt said about the earmarking and special fund warrants, tweaking or not, I don't think I agree with her individually that we should strike the entire lines 8 through 10; but I think as you heard in my question to Mr. Smith, from the auditor's office, I think there could be a way to strike some of that and still take care of some of the concerns about making sure that the money is used properly.

Rep. Hunsakor: Do we have enough information. We got a limited amount; we're kind of struggling in what way to go.

Ch. Nathe: Rep. Mock is carrying this bill, so please do some more background work on this and bring it to the committee.

Rep. Rohr: That was my comment as well. I think we need additional information.

Ch. Nathe: We're going to break and wait to take this up again when Rep. Mock has information.

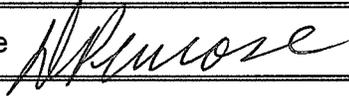
2013 HOUSE STANDING COMMITTEE MINUTES

House Education Committee
Pioneer Room, State Capitol

SB 2095
March 18, 2013
20074

Conference Committee

Committee Clerk Signature



Minutes:

Ch. Nathe: Let's take a look at SB 2095.

Rep. Mock: I visited with Legislative Council, the University System and the Auditor's Office regarding the bill. Legislative Council had not actually touched the bill at all. It was introduced by the University System, so when I brought it to Anita's attention, she looked through the section of law, and I asked her for her recommendation.

As the bill came to us, we had removed the most glaringly antiquated language, which was in the bill, lines 11 and 12. The concern of the Senate, because the bill was original a repealer, they amended it to just remove that last sentence of that section. Legislative Council had recommended going back to the original version of the bill for a couple of reasons. The Constitution specifically states that all funds appropriated by the Legislature must be expended in the manner in which they were appropriated. The language in line 10 is not necessary, it is a duplication of language, in fact, the language stated beginning in line 8 and going to line 9, this actually creates a special fund that has to be managed by the Treasury. Almost all of the accounts, the funds, are accounted for using the general fund. We appropriate by line item, and all of the funds are accounted for by line item, but because of the language in this section of law, there has actually been a separate fund created for both of these accounts; it's not necessary, not in compliance with current accounting practices.

Legislative Council recommended that we go back to the original language, assuring myself and for me to bring it to the committee, that the intent of the law was merely to remove language, to remove the duplication that because of our appropriation process, all the funds are appropriated and must be spent in the manner in which they are appropriated, that the funds would be adequately and appropriately accounted for and that this language would clear up the section of law. That's the report that I received from Legislative Council, University System, and the Auditor's office both agree with that. I move to amend the bill to return it to the original bill's wording, 13.8031.01000.

Rep. Meier: Second the motion.

Ch. Nathe: We will take a voice vote. Motion carried.

Rep. J. Kelsh: I move a Do Pass as Amended.

Rep. Meier: Second the motion.

13 YES 0 NO 0 ABSENT

DO PASS AS AMENDED

CARRIER: Rep. Mock

YIC
3/18/13

March 18, 2013

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2095

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to repeal section 15-62.2-04 of the North Dakota Century Code, relating to state board of higher education deposits and expenditures.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. REPEAL. Section 15-62.2-04 of the North Dakota Century Code is repealed."

Renumber accordingly

Date: 3/18/13

Roll Call Vote #: —

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. 2095

House EDUCATION Committee

Check here for Conference Committee 13. 8031. 01000

Legislative Council Amendment Number Return bill to original language

Action Taken: Do Pass Amended Rerefer to Appropriations
 Do Not Pass Adopt Amendment

Motion Made By Rep. Mock Seconded By Rep. Meier

Representatives	Yes	No	Representatives	Yes	No
Chairman Mike Nathe			Rep. Bob Hunsakor		
Rep. Mike Schatz			Rep. Jerry Kelsh		
Rep. Joe Heilman			Rep. Corey Mock		
Rep. Brenda Heller					
Rep. Dennis Johnson					
Rep. Ben Koppelman					
Rep. Lisa Meier					
Rep. Karen Rohr					
Rep. David Rust					
Rep. John Wall					

TOTAL (YES) _____ (NO) _____ (ABSENT) _____

FLOOR ASSIGNMENT _____

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

Voice Vote. Motion Carried

Date: 3/18/13

Roll Call Vote #: 1

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. 2095

House EDUCATION Committee

Check here for Conference Committee

Legislative Council Amendment Number 13.8031.02001 03000

Action Taken: Do Pass Amended Rerefer to Appropriations

Do Not Pass Adopt Amendment

Motion Made By Rep. Kelsh Seconded By Rep. Meier

Representatives	Yes	No	Representatives	Yes	No
Chairman Mike Nathe	✓		Rep. Bob Hunsakor	✓	
Rep. Mike Schatz	✓		Rep. Jerry Kelsh	✓	
Rep. Joe Heilman	✓		Rep. Corey Mock	✓	
Rep. Brenda Heller	✓				
Rep. Dennis Johnson	✓				
Rep. Ben Koppelman	✓				
Rep. Lisa Meier	✓				
Rep. Karen Rohr	✓				
Rep. David Rust	✓				
Rep. John Wall	✓				

TOTAL (YES) 13 (NO) 0 (ABSENT) 0

FLOOR ASSIGNMENT Rep. Mock

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

REPORT OF STANDING COMMITTEE

SB 2095, as engrossed: Education Committee (Rep. Nathe, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (13 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2095 was placed on the Sixth order on the calendar.

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to repeal section 15-62.2-04 of the North Dakota Century Code, relating to state board of higher education deposits and expenditures.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. REPEAL. Section 15-62.2-04 of the North Dakota Century Code is repealed."

Renumber accordingly

2013 CONFERENCE COMMITTEE

SB 2095

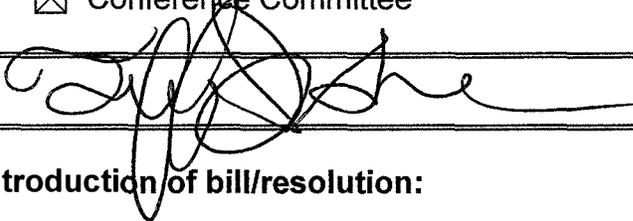
2013 SENATE STANDING COMMITTEE MINUTES

Senate Education Committee
Missouri River Room, State Capitol

SB 2095
04-08-13
20963

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to state board of higher education deposits and expenditures

Minutes:

You may make reference to "attached testimony."

Chairman Schaible: Opened the conference committee.

Representative Rust: The law is no longer necessary and needs to be repealed.

Rep. Mock: I spoke with Legislative Council and OMB no longer touches any dollars from the University System and this would be a duplication of accounting practices. We visited with Legislative Council, the University System, and the Auditor's office and we learned a lot. Prior to ConnectND being implemented in 2005 all of the payments were handled by the Office of Management and Budget instead of the agency directly. That was an accounting change. ConnectND allowed the agencies to handle all of their accounting. All dollars are appropriated by line items for a specific function. ConnectND is implemented statewide to all agencies. OMB no longer touches any dollars from the University System so the section of law is how OMB handles funds. The dollars are not managed by the OMB and it is no longer necessary. The House felt comfortable removing the section of law knowing all of the provisions spelled out were covered in other areas of law or protected by the Constitution of North Dakota.

Rep. Rust: We were wondering why the Senate changed the bill. What were you seeing that we didn't see?

Chairman Schaible: We thought that language and assurance was there. What is the hurt with leaving it in there?

Rep. Mock: Having the special funds is creating a second accounting system. Are we keeping a section of law that isn't necessary?

Chairman Schaible: In the Senate's opinion it is necessary. That is why we are here.

Rep Heller: Gordy Smith told us there is already a section of code that says if law says it has to be in a separate fund it doesn't have to be in a special fund as long as it is

separately accounted for. You can have one fund with 50 sources of revenue and if you use the right account code every time expenditures were made or money was received, you would still be able to count for all of the money separately. He is saying that every time money comes in and goes out it gets coded. This is getting rid of an old way of accounting that they no longer use. This is like duplication of sections of code.

Rep. Rust: We had testimony that said they are separately accounted for already and setting up and placing the state funds in separate special funds adds no additional value. It is all properly accounted for already. You can tell where the money came from and where it is going to. This is a duplication of process. In any instant you can find out where the money came from and where it is going to.

Rep Rust: Laura Glatt from the University System said that all checks are written and accounted for through the NDUS ConnectND system and subject to annual audit by the State Auditor's office. The office has not received any findings related to improper controls regarding or misapplications of funds of these programs. It seems to us if it is a duplication, why should we have it? It is not necessary.

Chairman Schaible: I would like some time to look at Gordy's testimony.

Rep. Mock: I want to point out what we are talking about is the one section. Chapter 15 relates to higher education. If the desire is to ensure language encompassing all of the dollars appropriated to the University System is spent in accordance with the legislative appropriation, the language needs to be applied to the entire system. Let's look at the entire chapter. I would recommend we visit with Legislative Council and figure out what needs to be done specifically with this section of law.

Chairman Schaible: Closed the conference committee on SB 2095.

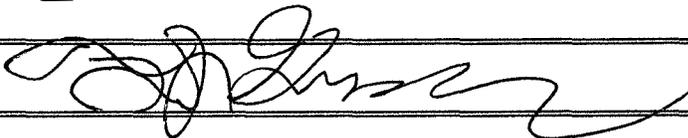
2013 SENATE STANDING COMMITTEE MINUTES

Senate Education Committee
Missouri River Room, State Capitol

HB 2095
4-11-13
21122

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to repeal section 15-62.2-04 of the North Dakota Century Code, relating to state board of higher education deposits and expenditures.

Minutes:

You may make reference to "attached testimony."

Chairman Schaible: opened the conference committee. All members were present.

Chairman Schaible: I did some research and talked to Legislative Council and I talked to other sources that agreed the language is no longer needed.

Senator Luick: I move the Senate accedes to the House amendments on engrossed SB 2095.

Senator Marcellais: Second

A roll was taken to accede to the House amendments: **6 yeas, 0 neas, 0 absent**

Senator Luick was the Senate carrier and Rep. Mock was the House carrier.

Date 4-11-13

Roll Call Vote # 1

2013 SENATE CONFERENCE COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. 2095 as (re) engrossed

Senate Education Committee

- Action Taken
- SENATE accede to House Amendments
 - SENATE accede to House Amendments and further amend
 - HOUSE recede from House amendments
 - HOUSE recede from House amendments and amend as follows
 - Unable to agree, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Luick Seconded by: Marcellais

Senators	Y	N	Yes	No	Representatives	Y	N	Yes	No
Senator Schaible	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Rep. Rust	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Senator Luick	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Rep. Heller	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Senator Marcellais	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Rep. Mock	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Total Senate Vote					Total Rep. Vote				

Vote Count Yes: 6 No: 0 Absent: 0

Senate Carrier Luick House Carrier Mock

LC Number _____ of amendment

LC Number _____ of engrossment

REPORT OF CONFERENCE COMMITTEE

SB 2095, as engrossed: Your conference committee (Sens. Schaible, Luick, Marcellais and Reps. Rust, Heller, Mock) recommends that the **SENATE ACCEDE** to the House amendments and place SB 2095 on the Seventh order.

Engrossed SB 2095 was placed on the Seventh order of business on the calendar.

REPORT OF CONFERENCE COMMITTEE

SB 2095, as reengrossed: Your conference committee (Sens. Schaible, Luick, Marcellais and Reps. Rust, Heller, Mock) recommends that the **SENATE ACCEDE** to the House amendments as printed on SJ page 916 and place SB 2095 on the Seventh order.

Reengrossed SB 2095 was placed on the Seventh order of business on the calendar.

2013 TESTIMONY

SB 2095

#1

North Dakota University System
SB2095 – Senate Education Committee
1/16/13, Laura Glatt

Mr. Chairman, members of the Senate Education Committee. Good morning. My name is Laura Glatt, Vice Chancellor for Administrative Affairs, North Dakota University System. Thank you for giving me the opportunity to present information to you today.

SB2095, introduced by the SBHE, is intended to remove an obsolete statutory reference in NDCC 15-62.2-04 related to writing checks through the Office of Management and Budget (OMB) on certain financial aid programs administered by the NDUS Office. The section to be removed is as follows:

15-62.2-04. Funds received by the state board of higher education - Where deposited - How appropriated - How expended.

Funds received by the state board of higher education must be deposited in the state treasury in special funds to be known as the North Dakota student financial assistance fund and the North Dakota scholarship fund and expended in accordance with legislative appropriations. All expenditures from these funds must be paid by warrant-check prepared by the office of management and budget upon vouchers submitted by the state board of higher education.

Prior to the implementation of the Connect ND (CND) administrative software system in 2005, NDUS Office accounting functions, including check writing, were administered by OMB through the SAMIS accounting system. Although both OMB and the NDUS use the CND system, each has its own applications. At the time of the CND implementation, NDUS Office accounting functions were purposefully moved from OMB to the NDUS, so that all NDUS accounting functions are administered from one single application. Thus, all checks, including those to students for student aid payments, are now issued by the NDUS, and accounted for through the NDUS CND system. No NDUS payments are issued on checks or warrants by OMB.

The NDUS spends about \$10 million per year on the state grant and scholar's programs. Funds for these two programs are separately appropriated, monitored and tracked so that at any point in time, the NDUS Office can report on appropriations and expenditures to ensure that funds are being spent as intended.

All checks are written and accounted for through the NDUS CND system, and subject to annual audit by the State Auditor's Office. The NDUS Office has not received any audit findings or recommendations related to improper controls regarding or misapplication of funds on these programs.

Thank you for your consideration of this change, and I would be happy to answer any questions.

All checks are written and accounted for through the NDUS CND system, and subject to annual audit by the State Auditor's Office. The NDUS Office has not received any audit findings or recommendations related to improper controls regarding or misapplication of funds on these programs.

Thank you for your consideration of this change, and I would be happy to answer any questions.

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19 NORTH DAKOTA UNIVERSITY SYSTEM OFFICE				
20			Adjustments or	
21		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
22	Capital assets - Bond payments	\$12,204,769	(\$1,768,724)	\$10,436,045
23	Competitive research program	7,050,000	0	7,050,000
24	System governance	7,349,806	1,527,502	8,877,308
1	Title II	1,006,472	0	1,006,472
2	System information technology services	36,006,667	2,786,279	38,792,946
3	Professional liability insurance	800,000	(800,000)	0
4	Student financial assistance grants	19,025,594	2,220,085	21,245,679
5	Professional student exchange program	3,321,438	953,577	4,275,015
6	Academic and technical education	10,000,000	3,700,000	13,700,000
7	scholarships			
8	Two-year campus marketing	800,000	0	800,000
9	Scholars program	2,113,584	0	2,113,584

#1

North Dakota University System

SB2095 – House Education Committee

3/13/13, Laura Glatt

Mr. Chairman, members of the Committee. My name is Laura Glatt, Vice Chancellor for Administrative Affairs, North Dakota University System. Thank you for giving me the opportunity to present information to you today.

SB2095, as originally introduced by the SBHE, is intended to remove an obsolete statutory reference in NDCC 15-62.2-04 related to writing checks through the Office of Management and Budget (OMB) and maintaining separate “funds” on certain financial aid programs administered by the NDUS Office. The section to be removed is as follows:

15-62.2-04. Funds received by the state board of higher education - Where deposited - How appropriated - How expended.

Funds received by the state board of higher education must be deposited in the state treasury in special funds to be known as the North Dakota student financial assistance fund and the North Dakota scholarship fund and expended in accordance with legislative appropriations. All expenditures from these funds must be paid by warrant-check prepared by the office of management and budget upon vouchers submitted by the state board of higher education.

Prior to the implementation of the Connect ND (CND) administrative software system in 2005, NDUS Office accounting functions, including check writing, were administered by OMB through the SAMIS accounting system, and therefore payments (or warrant-checks) were issued through OMB. Although both OMB and the NDUS use the CND system, each has its own applications. At the time of the CND implementation, NDUS Office accounting functions were purposefully moved from OMB to the NDUS, so that all NDUS accounting functions are administered from one single application. Thus, all checks, including those for student aid payments, are now issued by the NDUS, and accounted for through the NDUS CND system. No NDUS payments are issued on checks or warrants by OMB.

The legislature separately appropriates, by line item, funds for the student financial assistance grant program and for the scholar’s program. Annually, the NDUS spends about \$10 million on these two programs. As noted, funds for these two programs are separately appropriated, and therefore, they are separately accounted for and tracked so that at any point in time, the NDUS Office can report on appropriations and expenditures for each program to ensure that funds are being spent as intended. As a result, it is unclear why the bill was amended to retain the language on lines 8-10 of the bill, which requires the funds to be deposited in “special funds” in the state treasury. Since both state funded programs are appropriated in separate line items in the appropriation bill, they are separately accounted for already. Setting up and placing the state funds in separate “special funds”, adds no additional value, and only adds to the number of NDUS funds. I have consulted with Legislative Council staff regarding this issue and they would agree.