

**Sixty-fifth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 3, 2017**

SENATE BILL NO. 2003
(Appropriations Committee)

AN ACT to provide an appropriation for defraying the expenses of the North Dakota university system; to create and enact two new sections to chapter 15-10 and a new section to chapter 54-12 of the North Dakota Century Code, relating to approval of capital projects requested by institutions under the control of the state board of higher education, the nickel trophy, and tuition and fee waivers for law enforcement officers; and to amend and reenact sections 15-10-48, 15-10-49, 15-18.2-05, 15-18.2-06, 54-10-22.1, and 54-44.1-11 of the North Dakota Century Code, relating to matching grants for institutions under the control of the state board of higher education, state aid to institutions, the minimum amount payable through the higher education funding formula, protecting donor records from audits of university and college foundations, and the cancellation of unexpended appropriations; to repeal chapter 15-10.2 of the North Dakota Century Code, relating to the midwestern higher education compact; to provide for the transfer of funds; to authorize the state board of higher education to issue and sell bonds for capital projects; to provide exemptions; to provide for the reallocation of oil and gas tax distributions; to authorize the conveyance of real property owned by the state of North Dakota; to provide for studies; to provide for legislative management reports; to provide legislative intent; to provide an effective date; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the state board of higher education and to the entities and institutions under the supervision of the board, for the purpose of defraying the expenses of the state board of higher education and the entities and institutions under the control of the board, for the biennium beginning July 1, 2017, and ending June 30, 2019, as follows:

Subdivision 1.

NORTH DAKOTA UNIVERSITY SYSTEM OFFICE

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Capital assets - bond payments	\$6,901,461	(\$296,135)	\$6,605,326
Competitive research programs	6,588,225	(560,475)	6,027,750
System governance	7,212,636	1,180,602	8,393,238
Title II	1,006,472	0	1,006,472
Core technology services	41,325,593	20,201,754	61,527,347
Student financial assistance grants	23,886,160	(1,968,854)	21,917,306
Professional student exchange program	3,941,754	(242,412)	3,699,342
Academic and technical education scholarship	13,134,096	(1,117,347)	12,016,749
Two-year campus marketing	747,600	(747,600)	0
Scholars program	2,113,584	(306,469)	1,807,115
Native American scholarship	649,267	(93,944)	555,323
Tribally controlled community college grants	967,250	(367,250)	600,000
Education incentive programs	3,349,000	(485,607)	2,863,393
Student mental health	308,100	(23,700)	284,400
Veterans' assistance grants	325,000	(47,125)	277,875
Commendation grants	4,486	(4,486)	0

Internal audit pool	280,350	(280,350)	0
Shared campus services	0	500,000	500,000
Two-year campus study	0	40,000	40,000
Education challenge grants	<u>0</u>	<u>2,000,000</u>	<u>2,000,000</u>
Total all funds	\$112,741,034	\$17,380,602	\$130,121,636
Less estimated income	<u>2,511,216</u>	<u>23,700,890</u>	<u>26,212,106</u>
Total general fund	\$110,229,818	(\$6,320,288)	\$103,909,530
Full-time equivalent positions	104.39	45.01	149.40

Subdivision 2.

BISMARCK STATE COLLEGE

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$34,214,004	\$67,580,404	\$101,794,408
Capital assets	<u>67,732</u>	<u>1,854,829</u>	<u>1,922,561</u>
Total all funds	\$34,281,736	\$69,435,233	\$103,716,969
Less estimated income	<u>0</u>	<u>72,991,998</u>	<u>72,991,998</u>
Total general fund	\$34,281,736	(\$3,556,765)	\$30,724,971
Full-time equivalent positions	133.53	224.82	358.35

Subdivision 3.

LAKE REGION STATE COLLEGE

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$14,143,353	\$22,356,652	\$36,500,005
Capital assets	<u>0</u>	<u>362,667</u>	<u>362,667</u>
Total all funds	\$14,143,353	\$22,719,319	\$36,862,672
Less estimated income	<u>0</u>	<u>24,111,092</u>	<u>24,111,092</u>
Total general fund	\$14,143,353	(\$1,391,773)	\$12,751,580
Full-time equivalent positions	50.19	79.42	129.61

Subdivision 4.

WILLISTON STATE COLLEGE

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$9,191,151	\$17,797,826	\$26,988,977
Capital assets	<u>197,801</u>	<u>1,064,167</u>	<u>1,261,968</u>
Total all funds	\$9,388,952	\$18,861,993	\$28,250,945
Less estimated income	<u>0</u>	<u>19,855,598</u>	<u>19,855,598</u>
Total general fund	\$9,388,952	(\$993,605)	\$8,395,347
Full-time equivalent positions	49.96	50.79	100.75

Subdivision 5.

UNIVERSITY OF NORTH DAKOTA

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$146,572,961	\$712,782,489	\$859,355,450
Capital assets	<u>4,411,566</u>	<u>91,000,000</u>	<u>95,411,566</u>
Total all funds	\$150,984,527	\$803,782,489	\$954,767,016
Less estimated income	<u>0</u>	<u>819,870,450</u>	<u>819,870,450</u>

Total general fund	\$150,984,527	(\$16,087,961)	\$134,896,566
Full-time equivalent positions	630.20	1,587.87	2,218.07

Subdivision 6.

NORTH DAKOTA STATE UNIVERSITY

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$144,323,680	\$588,884,780	\$733,208,460
Capital assets	2,732,244	82,571,860	85,304,104
Total all funds	\$147,055,924	\$671,456,640	\$818,512,564
Less estimated income	0	689,386,329	689,386,329
Total general fund	\$147,055,924	(\$17,929,689)	\$129,126,235
Full-time equivalent positions	537.10	1,358.56	1,895.66

Subdivision 7.

NORTH DAKOTA STATE COLLEGE OF SCIENCE

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$40,916,239	\$50,918,458	\$91,834,697
Capital assets	0	1,012,379	1,012,379
Total all funds	\$40,916,239	\$51,930,837	\$92,847,076
Less estimated income	0	57,605,613	57,605,613
Total general fund	\$40,916,239	(\$5,674,776)	\$35,241,463
Full-time equivalent positions	168.30	176.74	345.04

Subdivision 8.

DICKINSON STATE UNIVERSITY

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$24,527,233	\$22,608,359	\$47,135,592
Capital assets	0	409,078	409,078
One-time operations and debt repayment	0	7,409,626	7,409,626
Total all funds	\$24,527,233	\$30,427,063	\$54,954,296
Less estimated income	0	29,737,827	29,737,827
Total general fund	\$24,527,233	\$689,236	\$25,216,469
Full-time equivalent positions	120.26	48.64	168.90

Subdivision 9.

MAYVILLE STATE UNIVERSITY

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$15,642,731	\$28,611,943	\$44,254,674
Capital assets	0	358,992	358,992
Total all funds	\$15,642,731	\$28,970,935	\$44,613,666
Less estimated income	0	30,307,148	30,307,148
Total general fund	\$15,642,731	(\$1,336,213)	\$14,306,518
Full-time equivalent positions	66.23	144.30	210.53

Subdivision 10.

MINOT STATE UNIVERSITY

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$45,037,266	\$55,838,786	\$100,876,052
Capital assets	499,620	600,000	1,099,620
Total all funds	\$45,536,886	\$56,438,786	\$101,975,672
Less estimated income	0	62,058,916	62,058,916
Total general fund	\$45,536,886	(\$5,620,130)	\$39,916,756
Full-time equivalent positions	204.10	237.55	441.65

Subdivision 11.

VALLEY CITY STATE UNIVERSITY

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$23,218,126	\$25,312,806	\$48,530,932
Capital assets	0	455,823	455,823
Total all funds	\$23,218,126	\$25,768,629	\$48,986,755
Less estimated income	0	28,470,657	28,470,657
Total general fund	\$23,218,126	(\$2,702,028)	\$20,516,098
Full-time equivalent positions	105.59	97.16	202.75

Subdivision 12.

DAKOTA COLLEGE AT BOTTINEAU

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$8,017,920	\$9,179,785	\$17,197,705
Capital assets	86,537	27,470	114,007
Total all funds	\$8,104,457	\$9,207,255	\$17,311,712
Less estimated income	0	9,629,173	9,629,173
Total general fund	\$8,104,457	(\$421,918)	\$7,682,539
Full-time equivalent positions	46.96	37.34	84.30

Subdivision 13.

UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH SCIENCES

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$53,166,247	\$158,723,654	\$211,889,901
Total all funds	\$53,166,247	\$158,723,654	\$211,889,901
Less estimated income	0	154,078,620	154,078,620
Total general fund	\$53,166,247	\$4,645,034	\$57,811,281
Full-time equivalent positions	184.58	251.17	435.75

Subdivision 14.

NORTH DAKOTA FOREST SERVICE

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$6,228,620	\$8,729,827	\$14,958,447
Capital assets	101,210	17,518	118,728
Total all funds	\$6,329,830	\$8,747,345	\$15,077,175
Less estimated income	1,650,000	9,000,748	10,650,748

Total general fund	\$4,679,830	(\$253,403)	\$4,426,427
Full-time equivalent positions	28.96	(1.96)	27.00

Subdivision 15.

BILL TOTAL

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Grand total general fund	\$681,876,059	(\$56,954,279)	\$624,921,780
Grand total special funds	4,161,216	2,030,805,059	2,034,966,275
Grand total all funds	\$686,037,275	\$1,973,850,780	\$2,659,888,055

SECTION 2. HEALTH INSURANCE INCREASE. Section 1 of this Act includes the sum of \$17,991,140, of which \$5,638,788 is from the general fund, for increases in employee health insurance premiums from \$1,130 to \$1,241 per month.

SECTION 3. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO THE SIXTY-SIXTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-fourth legislative assembly as adjusted for the 2015-17 biennium and the 2017-19 biennium one-time funding items included in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2015-17</u>	<u>2017-19</u>
Capital projects - general funds	\$99,167,288	\$0
Capital projects - other funds	44,848,194	168,505,000
Campus security pool	2,763,562	0
Core technology services projects	2,821,500	0
Open education resource training	107,250	0
Theodore Roosevelt center	800,000	0
Williston state college energy development impact	2,500,000	0
Dickinson state university leadership transition	2,000,000	0
Museum of art deferred maintenance	760,000	0
Deferred maintenance pool	8,482,500	0
School of medicine and health sciences residency positions	4,700,000	0
Health care workforce initiative	13,814,806	0
Desktop support services	81,750	0
Email retention	350,000	0
Dickinson state university Woods Hall renovation	11,500,000	0
Education challenge grants	22,124,500	2,000,000
Institution operations distributions	0	2,000,000
Dickinson state university operations and debt repayment	0	7,409,626
Two-year campus study	0	40,000
Midwestern higher education compact dues	0	230,000
Total all funds	\$216,821,350	\$180,184,626
Total other funds	60,848,194	168,505,000
Total general fund	\$155,973,156	\$11,679,626

The 2017-19 biennium one-time funding amounts are not a part of the entity's base budget for the 2019-21 biennium. The North Dakota university system shall report to the appropriations committees of the sixty-sixth legislative assembly on the use of this one-time funding for the biennium July 1, 2017, and ending June 30, 2019.

SECTION 4. AMENDMENT. Section 15-10-48 of the North Dakota Century Code is amended and reenacted as follows:

15-10-48. Advancement of academics - Matching grants - University of North Dakota and North Dakota state university.

1. a. ~~During the period beginning July 1, 2015, and ending December 31, 2016~~Subject to legislative appropriations, each biennium during the period beginning July first of each odd-numbered year and ending December thirty-first of each even-numbered year, the state board of higher education shall award one dollar in matching grants for every two dollars raised by the institutional foundations of the university of North Dakota and North Dakota state university for projects dedicated exclusively to the advancement of academics.
- b. To be eligible for a matching grant, an institution must demonstrate that:
 - (1) Its foundation has raised at least fifty thousand dollars in cash or monetary pledges for a qualifying project; and
 - (2) The project has been approved by the grant review committee established in section 15-10-51.
- c. The board may award up to ~~seven million~~two hundred thousand dollars in matching grants to each institution. ~~The first two million dollars in matching grants awarded to each institution must be used for student scholarships that comply with section 15-10-53.~~
- d. Projects at the university of North Dakota school of medicine and health sciences are not eligible to receive a grant under this section.
2. a. If any available dollars have not been awarded by the board before January 1, ~~2017~~first of each odd-numbered year, in accordance with subsection 1, either the university of North Dakota or North Dakota state university may apply for an additional matching grant.
- b. An application submitted under this subsection must meet the same criteria as an original application.
- c. The board shall consider each application submitted under this subsection in chronological order.
- d. If the remaining dollars are insufficient to provide a matching grant in the amount of one dollar for every two dollars raised by the institutional foundation, the board shall award a lesser amount.
3. The state board of higher education shall retain up to one-quarter of one percent of any grant awarded under this section to assist with administrative expenses incurred in the grant review process.

SECTION 5. AMENDMENT. Section 15-10-49 of the North Dakota Century Code is amended and reenacted as follows:

15-10-49. Advancement of academics - Matching grants - Two-year and four-year institutions of higher education.

1. a. ~~During the period beginning July 1, 2015, and ending December 31, 2016~~Subject to legislative appropriations, each biennium during the period beginning July first of each odd-numbered year and ending December thirty-first of each even-numbered year, the state board of higher education shall award one dollar in matching grants for every two dollars raised by the institutional foundations of Bismarck state college, Dakota college at Bottineau, Dickinson state university, Lake Region state college, Mayville state university, Minot state university, North Dakota state college of science, Valley City state university,

and Williston state college for projects dedicated exclusively to the advancement of academics.

- b. To be eligible for a matching grant, an institution must demonstrate that:
 - (1) Its foundation has raised at least twenty-five thousand dollars in cash or monetary pledges for a qualifying project; and
 - (2) The project has been approved by the grant review committee established in section 15-10-51.
- c. The board may award up to ~~one million~~ two hundred thousand dollars in matching grants to each institution.
2. a. If any available dollars have not been awarded by the board before January 4, 2017 first of each odd-numbered year, in accordance with subsection 1, any institution listed in subsection 1 may apply for an additional matching grant.
- b. An application submitted under this subsection must meet the same criteria as an original application.
- c. The board shall consider each application submitted under this subsection in chronological order.
- d. If the remaining dollars are insufficient to provide a matching grant in the amount of one dollar for every two dollars raised by the institutional foundation, the board shall award a lesser amount.
3. a. ~~The board may award an additional five hundred thousand dollars in matching grants to institutions that have been awarded one million dollars in matching grants under subsection 1 and apply for an additional matching grant.~~
- b. ~~An application submitted under this subsection must meet the same criteria as an original application.~~
- c. ~~The board shall consider each application submitted under this subsection in chronological order.~~
- d. ~~If the funding provided under this subsection is insufficient to provide a matching grant in the amount of one dollar for every two dollars raised by the institutional foundation, the board shall award a lesser amount.~~
4. The state board of higher education shall retain up to one-quarter of one percent of any grant awarded under this section to assist with administrative expenses incurred in the grant review process.

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

Capital project and capital lease requests - Maintenance reserve account.

1. Notwithstanding any existing agreements, an institution under the control of the state board of higher education shall obtain approval from the legislative assembly before the institution acquires any additional facility space to be used by the institution for any purpose, if the acquisition would result in additional operating costs funded from any source. This subsection does not apply to operating lease agreements that preclude the ownership of the leased facility.

2. Notwithstanding any existing agreements, an institution under the control of the state board of higher education shall obtain approval from the legislative assembly before an institution purchases, rents, occupies, or otherwise utilizes a building or any portion of a building for a purpose that directly or indirectly supports or relates to the institution's educational or administrative functions if the building is located more than ten miles from the campus of the institution. This subsection does not apply to buildings utilized by an institution to offer dual-credit courses, buildings utilized by the agricultural experiment station and research extension centers, and buildings utilized by the North Dakota state university extension service. For purposes of this section, "campus" means the campus of the institution under the Federal Clery Act [Pub. L. 105-244; 20 U.S.C. 1092(f)].
3. An institution under the control of the state board of higher education may undertake a facility renovation project only if the project will reduce the deferred maintenance amount of the facility by no less than seventy five percent of the total cost of the renovation. The institution shall maintain documentation that demonstrates the cost and scope of the deferred maintenance reduction that results directly from the renovation. This subsection does not apply to projects undertaken solely to correct building code deficiencies or to installations of infrastructure determined by the board to be essential to the mission of the institution.
4. Facility construction and renovation projects undertaken by an institution under the control of the state board of higher education must conform to campus master plan and space utilization requirements approved by the state board of higher education.
5. An institution that obtains legislative approval under subsection 1 must establish a maintenance reserve fund of three percent of the total construction cost or replacement value, whichever is greater, of the acquired space. The institution's plans for funding the maintenance reserve fund must be included in the request for legislative approval under subsection 1. Maintenance reserve funds must be deposited in an account under the control of the state board of higher education before the acquired space may be occupied, and the funds may be used for maintenance repairs after the total deferred maintenance of the space exceeds thirty percent of its replacement value. The funds may not be used for any other purpose. This subsection does not apply to additional space acquired through the sale of revenue bonds that require by covenant the establishment of maintenance reserve funds.

SECTION 7. A new section to chapter 15-10 of the North Dakota Century Code is created and enacted as follows:

Nickel trophy.

To promote national recognition and statewide enthusiasm, the legislative assembly encourages the university of North Dakota and the North Dakota state university of agriculture and applied science to play for the nickel trophy during the course of a national collegiate athletic association football game. If the athletic director or president of either institution elects not to play for the nickel trophy, the nickel trophy must be permanently displayed in the heritage center.

SECTION 8. AMENDMENT. Section 15-18.2-05 of the North Dakota Century Code is amended and reenacted as follows:

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

1. Except as provided under subsection 2, in order to determine the state aid payment to which each institution under its control is entitled, the state board of higher education shall multiply the product determined under section 15-18.2-04 by a base amount of:
4. a. ~~\$72.63~~\$58.65 in the case of North Dakota state university and the university of North Dakota;

2. b. \$107.33\$86.95 in the case of Dickinson state university, Mayville state university, Minot state university, and Valley City state university; and
3. c. \$114.88\$93.03 in the case of Bismarck state college, Dakota college at Bottineau, Lake Region state college, North Dakota state college of science, and Williston state college.
2. An institution is entitled to an amount equal to seventy-five percent of the product determined under subsection 1 for credits completed by students receiving a tuition waiver pursuant to section 11 of this Act.

SECTION 9. AMENDMENT. Section 15-18.2-06 of the North Dakota Century Code is amended and reenacted as follows:

15-18.2-06. (Effective through June 30, 20172019) Base funding - Minimum amount payable.

Notwithstanding any calculations required by this chapter, during each fiscal year, ~~beginning with 2014-15~~biennium, an institution may not receive less than ninety-six percent of the state aid to which the institution was entitled under this chapter during the previous fiscal year~~biennium~~.

SECTION 10. AMENDMENT. Section 54-10-22.1 of the North Dakota Century Code is amended and reenacted as follows:

54-10-22.1. State auditor's access to information relating to operations of governmental entities subject to audit.

Notwithstanding any other specific sections of law, the state auditor and persons employed by the state auditor, when necessary in conducting an audit, shall have access to all information relating to operations of all governmental units or component units subject to audit except active investigatory work product of the attorney general as defined in section 44-04-19.1 and financial records and estate planning records a donor provides to a nonprofit organization affiliated with an institution under the control of the state board of higher education which provides support to and is organized and operated for the benefit of the institution. Except for active investigatory work product of the attorney general as defined in section 44-04-19.1 and tax records as described in section 54-10-24, the state auditor may inspect any state agency's books, papers, accounts, or records that may be relevant to an ongoing audit of any other state agency or computer system audit. The state auditor and persons employed by the state auditor examining any information, which is confidential by law, shall guard the secrecy of such information except when otherwise directed by judicial order or as is otherwise provided by law.

SECTION 11. A new section to chapter 54-12 of the North Dakota Century Code is created and enacted as follows:

Law enforcement officer tuition and fees waiver.

1. To the extent the annual cap under this section has not been met, an individual who is employed as a full-time law enforcement officer in this state, who has a minimum of two years of employment, and who is licensed under chapter 12-63, is entitled to a waiver of twenty-five percent of resident tuition and fees of any institution of higher education under the control of the state board of higher education if the law enforcement officer:
 - a. Maintains satisfactory performance with the officer's law enforcement agency;
 - b. Obtains authorization to participate in the waiver program and a certificate of verification from the law enforcement officer's superior officer which attests to the officer's satisfactory performance;
 - c. Meets all admission requirements of the institution; and
 - d. Pursues studies leading to a degree from an associate degree program or a baccalaureate degree program.

2. The law enforcement officer may receive the waiver for up to five years from the date the law enforcement officer first receives a waiver under this section.
3. The institution of higher education shall waive twenty-five percent of the officer's tuition and fees after subtracting awarded federal financial aid grants and state scholarships and grants for an eligible law enforcement officer during the time the officer is enrolled. To remain eligible for the waiver, the officer shall comply with all requirements of the institution for continued attendance and award of an associate degree or a baccalaureate degree.
4. The law enforcement officer shall include the certificate of verification when applying for enrollment to the institution of higher education.
5. The total amount of waivers granted each academic year by institutions under the control of the state board of higher education may not exceed five hundred thousand dollars.
6. The attorney general shall adopt the rules necessary to implement this section.

SECTION 12. AMENDMENT. Section 54-44.1-11 of the North Dakota Century Code is amended and reenacted as follows:

54-44.1-11. (Effective through July 31, 20172019) Office of management and budget to cancel unexpended appropriations - When they may continue.

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

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

(Effective after July 31, 20172019) Office of management and budget to cancel unexpended appropriations - When they may continue. The office of management and budget, thirty days after the close of each biennial period, shall cancel all unexpended appropriations or balances of appropriations after the expiration of the biennial period during which they became available under the law. Unexpended appropriations for the state historical society are not subject to this section and the state historical society shall report on the amounts and uses of funds carried over from one biennium to

the appropriations committees of the next subsequent legislative assembly. The chairmen of the appropriations committees of the senate and house of representatives of the legislative assembly with the office of the budget may continue appropriations or balances in force for not more than two years after the expiration of the biennial period during which they became available upon recommendation of the director of the budget for:

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

SECTION 13. REPEAL. Chapter 15-10.2 of the North Dakota Century Code is repealed.

SECTION 14. ADDITIONAL FEDERAL, PRIVATE, AND OTHER FUNDS - APPROPRIATION. All funds, in addition to those appropriated in section 1 of this Act, from federal, private, and other sources for competitive grants or other funds that the legislative assembly has not indicated the intent to reject, including tuition revenue, received by the state board of higher education and the institutions and entities under the control of the state board of higher education, are appropriated to the board and those institutions and entities, for the biennium beginning July 1, 2017, and ending June 30, 2019. All additional funds received under the North Dakota-Minnesota reciprocity agreement during the biennium beginning July 1, 2017, and ending June 30, 2019, are appropriated to the state board of higher education for reimbursement to institutions under the control of the board.

SECTION 15. CAMPUS CAPITAL PROJECTS - PROJECT MANAGEMENT. During the biennium beginning July 1, 2017, and ending June 30, 2019, each capital project authorized by the state board of higher education must have adequate project management oversight by either an institution official or a representative of an external entity. An institution may seek assistance from the North Dakota university system office for project management oversight of a capital project.

SECTION 16. STUDENT LOAN TRUST FUND - LEGISLATIVE INTENT. Subdivision 1 of section 1 of this Act includes the sum of \$1,504,744, or so much of the sum as may be necessary, from the student loan trust fund of which \$465,307 is for the professional student exchange program, \$500,000 is for grants to tribally controlled community colleges, and \$539,437 is for connectND campus solution positions, for the biennium beginning July 1, 2017, and ending June 30, 2019.

Subdivision 13 of section 1 of this Act includes the sum of \$13,806,856, or so much of the sum as may be necessary, from the student loan trust fund for residency positions at the university of North Dakota school of medicine and health sciences, for the biennium beginning July 1, 2017, and ending June 30, 2019. It is the intent of the sixty-fifth legislative assembly that funding for the residency positions becomes part of ongoing base funding in future budget requests of the school.

SECTION 17. STATEWIDE MEMBERSHIP DUES. Subdivision 1 of section 1 of this Act includes the sum of \$294,000 for membership dues for the western interstate commission for higher education. Subdivision 1 of section 1 of this Act includes the sum of \$230,000 of one-time funding for membership dues of the midwestern higher education compact.

SECTION 18. DICKINSON STATE UNIVERSITY - USES OF FUNDS.

1. The one-time operations and debt repayment line item included in subdivision 8 of section 1 of this Act includes the sum of \$7,409,626, or so much of the sum as may be necessary, which must be used by Dickinson state university as follows:
 - a. \$3,100,000 must be used to repay any outstanding debt of the Biesiot activities center. The funds provided under this subdivision may be used only if the funding provided under this subdivision will result in final satisfaction of any debt associated with the facility; and
 - b. \$4,309,626 must be used for the operations of the institution.
2. Dickinson state university shall utilize up to \$2,000,000 of funding from campus reserves for any additional funding needed to maintain the operations of the institution during the biennium beginning July 1, 2017, and ending June 30, 2019.
3. Dickinson state university may not discontinue any portion of its department of nursing academic program during the biennium beginning July 1, 2017, and ending June 30, 2019.
4. The appropriations identified under this section are considered one-time funding items.

SECTION 19. STATE TREASURER - REALLOCATION OF OIL AND GAS TAX DISTRIBUTIONS.

Notwithstanding any other provision of law, during the period beginning September 1, 2017, and ending August 31, 2019, the state treasurer shall withhold fifty percent of the amounts allocated to the city of Dickinson under subdivision a of subsection 1 of section 57-51-15, up to a maximum of \$2,500,000 of withholdings, and shall deposit the amounts withheld in the state general fund.

Notwithstanding any other provision of law, during the period beginning September 1, 2017, and ending August 31, 2019, the state treasurer shall withhold fifty percent of the amounts allocated to Stark County under subdivision a of subsection 5 of section 57-51-15, up to a maximum of \$375,000 of withholdings, and shall deposit the amounts withheld in the state general fund.

SECTION 20. TRANSFER AUTHORITY - LEGISLATIVE MANAGEMENT REPORT.

Notwithstanding section 54-16-04, the state board of higher education may transfer appropriation authority from the operations to the capital assets line items within subdivisions 2 through 14 of section 1 of this Act for the biennium beginning July 1, 2017, and ending June 30, 2019. The board shall report any transfer of funds under this section to the office of management and budget and the legislative management.

SECTION 21. FULL-TIME EQUIVALENT POSITION ADJUSTMENTS. Notwithstanding any other provisions of law, the state board of higher education may adjust full-time equivalent positions as needed, subject to the availability of funds, for institutions and entities under its control during the biennium beginning July 1, 2017, and ending June 30, 2019. The North Dakota university system shall report any adjustments to the office of management and budget as part of the submission of the 2019-21 biennium budget request.

SECTION 22. UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH SCIENCES OPERATIONS. The operations line item in subdivision 5 of section 1 of this Act includes a funding allocation from the higher education per student credit-hour funding formula attributable to inflation during the biennium beginning July 1, 2017, and ending June 30, 2019. Based on the recommendation of the commissioner of higher education, a portion of the allocation must be transferred by the state board of higher education to the university of North Dakota school of medicine and health sciences.

SECTION 23. BOND ISSUANCE AUTHORIZATION - PURPOSES. The state board of higher education, in accordance with chapter 15-55, may arrange for the funding of projects authorized in this section, declared to be in the public interest, through the issuance of self-liquidating, tax-exempt evidences of indebtedness under chapter 15-55, beginning with the effective date of this section and ending June 30, 2019. Evidences of indebtedness issued pursuant to this section are not a general

obligation of the state of North Dakota. Any unexpended balance resulting from the proceeds of the evidences of indebtedness must be placed in a sinking fund to be used for the retirement of indebtedness. The evidences of indebtedness may be issued and the proceeds are appropriated in section 1 of this Act for the following capital projects:

North Dakota state university - New residence hall	\$39,505,000
North Dakota state university - University village replacement	<u>10,000,000</u>
Total special funds	\$49,505,000

SECTION 24. EXEMPTION - THEODORE ROOSEVELT CENTER PROJECT. Except as provided in this section, the amounts appropriated for the Theodore Roosevelt center project in section 3 of chapter 34 of the 2013 Session Laws and section 4 of chapter 49 of the 2013 Session Laws are not subject to section 54-44.1-11 and any unexpended funds from these sections are available during the biennium beginning July 1, 2017, and ending June 30, 2019, as follows:

1. Of the unexpended appropriations available under this section, up to \$750,000 may be used for the operations of the Theodore Roosevelt presidential library. Any remaining funds may be used only for the planning, design, and construction of the Theodore Roosevelt presidential library building and may not be used for operations, exhibits, or replica structures.
2. Any expenditure of funds continued under this section, including funds used to match state funds, must be approved in advance by an employee of the office of commissioner of higher education designated by the state board of higher education.
3. The director of the office of management and budget shall cancel any appropriation authority continued under this section on December 31, 2018, unless Dickinson state university has certified to the director that:
 - a. Construction commenced on the presidential library building prior to December 31, 2018;
 - b. A North Dakota architect was used to design the presidential library building;
 - c. The cost of constructing the building, including planning and design costs, will exceed fourteen million dollars; and
 - d. Except as provided in subsection 1, no state appropriated funds designated for the Theodore Roosevelt presidential library building project nor any funds used to match the state funding are being used for purposes other than for planning, design, and construction costs of the building.

SECTION 25. EXEMPTION - HIGHER EDUCATION CHALLENGE GRANTS - TRANSFER. The unexpended amount remaining for the education challenge fund line item in section 1 of chapter 34 of the 2013 Session Laws is not subject to section 54-44.1-11 and the state board of higher education shall transfer any unexpended funds in this line item to Dickinson state university for the operations of the institution during the biennium beginning July 1, 2017, and ending June 30, 2019.

SECTION 26. EXEMPTION - STUDENT FINANCIAL ASSISTANCE GRANTS. Of the \$25,634,276 appropriated from the general fund in the student financial assistance grants line item in subdivision 1 of section 1 of chapter 3 of the 2015 Session Laws, \$5,000,000 is not subject to section 54-44.1-11 and must be canceled by the office of management and budget on the effective date of this section.

SECTION 27. TUITION RATE INCREASE LIMITATIONS - BUDGET SECTION APPROVAL.

1. Except as provided in this section, notwithstanding any other provision of law, the state board of higher education may not increase tuition rates for resident students attending institutions of higher education under its control during the 2017-18 academic year by more than four percent as compared to the tuition rate in effect during the 2017 spring semester unless the board receives prior budget section approval.

2. Except as provided in this section, notwithstanding any other provision of law, the state board of higher education may not increase tuition rates for resident students attending institutions of higher education under its control during the 2018-19 academic year by more than four percent as compared to the tuition rate in effect during the 2018 spring semester unless the board receives prior budget section approval.
3. This section does not apply to tuition rates charged for graduate level programs, including programs offered through the university of North Dakota school of medicine and health sciences, the university of North Dakota school of law, or the North Dakota state university school of pharmacy.
4. This section does not apply to tuition rates for nonresident students attending institutions of higher education under the control of the state board of higher education. For purposes of this section, the residency of students for tuition purposes must be determined under section 15-10-19.1.
5. This section does not apply to tuition rates determined under tuition reciprocity agreements entered into by the state board of higher education with other states or state education compacts.
6. For purposes of this section, an institution must calculate a resident tuition rate increase based on the tuition rate paid by an average full-time resident student. The state board of higher education may exclude adjustments to a tuition rate resulting from a change in an institution's method of charging tuition, including the consolidation of existing fees into tuition rates or charging tuition based on a per-credit rate, from tuition rate calculations under this section.

SECTION 28. USE OF EXTRAORDINARY REPAIRS FUNDING - MATCHING FUNDS. The capital assets line items in subdivisions 2 through 12 of section 1 of this Act include funding from the general fund for institution extraordinary repairs. An institution shall provide two dollars of matching funds from operations or other sources for each one dollar of extraordinary repairs funding used for a project.

SECTION 29. TRANSFER OF LAND AUTHORIZED. The state of North Dakota, by and through the state board of higher education, shall convey certain real property consisting of approximately 0.8 acres parallel and adjacent to the BNSF railway company right-of-way in Cass County, North Dakota, known as parcel number 01-3504-08500-000 in the records of Cass County, North Dakota, to BNSF railway company, if determined appropriate by the state board of higher education and the commissioner of university and school lands. The terms of the conveyance must be determined jointly by the state board of higher education or a designee of the board and the commissioner of university and school lands. North Dakota Century Code sections 54-01-05.2 and 54-01-05.5 do not apply to the transfer authorized by this section.

SECTION 30. TRANSFER OF LAND AUTHORIZED. The state of North Dakota, by and through the state board of higher education, may convey certain real property known as Dakota hall or airport addition, 1015 north forty-third street, lot h, replat of lot 1 and 2, b 3 block 3 and part northwest quarter of northwest quarter section 6-151-60 in the records of the city of Grand Forks, if determined appropriate by the state board of higher education. If any of the real property authorized to be conveyed under this section is conveyed, the terms of the conveyance must be determined jointly by the state board of higher education or a designee of the board and the commissioner of university and school lands. North Dakota Century Code sections 54-01-05.2 and 54-01-05.5 do not apply to the transfer authorized by this section.

SECTION 31. TRANSFER OF LAND AUTHORIZED. The state of North Dakota, by and through the state board of higher education, may convey certain real property known as Ray Richard's golf course or Ray Richard's golf course addition, 3801 demers avenue, lot 1, block 1, and Ray Richard's golf course addition, 3501 demers avenue, lot 2, block 1, in the records of the city of Grand Forks, if determined appropriate by the state board of higher education. If any of the real property authorized to be conveyed under this section is conveyed, the terms of the conveyance must be determined by the

state board of higher education or a designee of the board. North Dakota Century Code sections 54-01-5.2 and 54-01-05.5 do not apply to the transfer authorized by this section.

SECTION 32. TRANSFER OF DAKOTA INSTITUTE INVENTORY. The parks and recreation department shall transfer the name Dakota institute and all rights, title, interests, and copyrights and up to eighty percent of any remaining inventory of any Dakota institute publication, book, or other document or production, regardless of format, to Bismarck state college. Bismarck state college may transfer any rights, title, interests, copyrights, inventory of any of the Dakota institute's publications, books, or other documents or productions, regardless of format, to the author or producer of the document or production.

SECTION 33. RESEARCH NETWORKS - REPORT TO THE LEGISLATIVE MANAGEMENT. During the biennium beginning July 1, 2017, and ending June 30, 2019, the state board of higher education, in association with the research institutions under its control, shall consider opportunities for collaboration on high-performance computing, data analytics, and connectivity to Minnesota research networks to improve access, increase capacity, and create efficiencies. The board may utilize appropriations and reserves designated for the northern tier network to accommodate continued use of existing research networks and to expand network capabilities. The board shall consider developing policies and procedures to authorize private entities to utilize the research network. During the 2017-18 interim, the state board of higher education shall provide a report to the legislative management regarding the status of efforts to collaborate with Minnesota entities for research network purposes.

SECTION 34. LEGISLATIVE MANAGEMENT STUDY - UNIVERSITY OF NORTH DAKOTA ENERGY AND ENVIRONMENTAL RESEARCH CENTER RELATIONSHIP WITH THE UNIVERSITY OF NORTH DAKOTA. During the 2017-18 interim, the Legislative Management shall consider studying the relationship between the University of North Dakota and the Energy and Environmental Research Center. The study, if conducted, must include a review of the working relationship between the entities including financial responsibilities and expectations of each entity including potential alternative administrative reporting lines and business models. The Legislative Management shall report its findings and recommendations, including any legislation necessary to implement the recommendations, to the sixty-sixth legislative assembly.

SECTION 35. STATE BOARD OF HIGHER EDUCATION - STUDY OF THE REORGANIZATION OF TWO-YEAR INSTITUTIONS - REPORT TO SIXTY-SIXTH LEGISLATIVE ASSEMBLY. During the period beginning July 1, 2017, and ending December 31, 2018, the state board of higher education shall study the reorganization of the two-year institutions under its control into a community and technology college system that addresses workforce and education needs of the state. As part of the study, the board shall consider:

1. Shared administration;
2. Shared courses, including a common course catalog;
3. Articulation agreements linking elementary and secondary education, career academies, and career and technical education to postsecondary certificates and associate's degrees;
4. Centralized processing of student admissions, housing applications, financial aid, and advising; and
5. Centralized services, including bookstore operations, food services, marketing, procurement, accounting, and human resources.

The state board of higher education shall approve and present a plan to implement the recommendations of its study to reorganize two-year institutions, including drafts of legislation necessary to implement the recommendations, to the appropriations committees of the sixty-sixth legislative assembly.

SECTION 36. STATE BOARD OF HIGHER EDUCATION - STUDY OF NURSING PROGRAMS - REPORT TO THE SIXTY-SIXTH LEGISLATIVE ASSEMBLY. During the period beginning July 1, 2017, and ending December 31, 2018, the state board of higher education shall study the reorganization of nursing programs at institutions under its control. As part of the study, the board shall review the number of institutions offering nursing programs, the level of programs offered, and the locations of programs. The board shall consider options to develop collaborations among institutions to offer programs in an efficient and effective manner to address the workforce needs of the state.

The state board of higher education shall approve and present a plan to implement the recommendations of its study to reorganize nursing programs, including drafts of legislation necessary to implement the recommendations, to the appropriations committees of the sixty-sixth legislative assembly.

SECTION 37. STATE BOARD OF HIGHER EDUCATION DATA AND REPORTING INCONSISTENCIES - REPORT TO LEGISLATIVE MANAGEMENT. During the biennium beginning July 1, 2017, and ending June 30, 2019, the state board of higher education shall evaluate the following data and reporting inconsistency issues at institutions and entities under its control and develop policies and procedures to correct:

1. Inconsistent employee classifications and human resources reporting;
2. Inconsistent employee leave policies;
3. Inconsistent practices for awarding tuition waivers; and
4. Inconsistent practices regarding the charging of student fees.

The state board of higher education shall provide a report to and consult with the legislative management during the 2017-18 interim regarding the status of the inconsistencies, including policies and procedures being developed to address the inconsistencies.

SECTION 38. REDUCTION IN EMPLOYEES - LEGISLATIVE INTENT - REPORT TO LEGISLATIVE MANAGEMENT. It is the intent of the sixty-fifth legislative assembly that if the number of full-time equivalent positions is reduced at institutions under the control of the state board of higher education, any reduction be applied among all classifications of employees with emphasis on senior administrative positions. During the 2017-18 interim, the state board of higher education shall provide reports to the legislative management regarding the total number of employee positions reduced at each institution, the number of administrative positions reduced at each institution, and whether any former administrative staff employees are still employed by the institution in a different position.

SECTION 39. LEGISLATIVE INTENT - NORTH DAKOTA STATE UNIVERSITY - LEASE ARRANGEMENT AND OTHER SAVINGS. It is the intent of the sixty-fifth legislative assembly that future general fund appropriations in support of the North Dakota state university department of nursing program in Bismarck be adjusted for savings resulting from facility lease negotiations and for credit-hours completed at the school.

SECTION 40. EFFECTIVE DATE. Section 13 of this Act become effective on June 30, 2017.

SECTION 41. EMERGENCY. Sections 13, 23, 24, 26, 28, and 40 and the capital assets line items in section 1 of this Act are declared to be an emergency measure.

President of the Senate

Speaker of the House

Secretary of the Senate

Chief Clerk of the House

This certifies that the within bill originated in the Senate of the Sixty-fifth Legislative Assembly of North Dakota and is known on the records of that body as Senate Bill No. 2003 and that two-thirds of the members-elect of the Senate voted in favor of said law.

Vote: Yeas 45 Nays 2 Absent 0

President of the Senate

Secretary of the Senate

This certifies that two-thirds of the members-elect of the House of Representatives voted in favor of said law.

Vote: Yeas 71 Nays 18 Absent 5

Speaker of the House

Chief Clerk of the House

Received by the Governor at _____ M. on _____, 2017.

Approved at _____ M. on _____, 2017.

Governor

Filed in this office this _____ day of _____, 2017,

at _____ o'clock _____ M.

Secretary of State