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10/2/03
Date

2003 HOUSE APPROPRIATIONS

IIB 1039

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1039

House Appropriations Committee
Education and Environment Division

Check here for Conference Committee

Hearing Date January 21, 2003

Tape Number	Side A	Side B	Meter #
1	X		
Committee Clerk Signature <i>Celeste Keller</i>			

Minutes:

Chairman Martinson opened the hearing on HB 1039. All members of the committee were present.

Roxanne Weste Fiscal Analyst for Legislative Council. See memorandum which was distributed entitled Excerpt From The 2001-2002 Interim Higher Education Committee Final Report. Ms. Weste provided a brief summary of HB 1039.

Chancellor Larry Isaak Testified in favor of HB 1039. Please see prepared testimony.

Chairman Martinson closed the hearing on HB 1039.

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FISCAL NOTE
Requested by Legislative Council
12/16/2002

Bill/Resolution No.: HB 1039

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.

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

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

2001-2003 Biennium			2003-2005 Biennium			2005-2007 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. Narrative: Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.

All funds, with the exception of state general fund appropriations, would be appropriated to the campus through a continuing appropriation as they were in the 2001-03 appropriation bill. These funds would be monitored and reported through annual financial statement and accountability measures reporting. Fiscal year 2002 audited financial statements show total operating and non-operating revenues for the NDUS (excluding state appropriations) of \$378,136,049.

This is consistent with the specific recommendations of the Roundtable and allows campuses to retain revenue locally which creates additional operating flexibility and will allow campuses to be more entrepreneurial as they maximize the use of all funds.

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.

C. Appropriations: Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.

Name:	Laura Glatt	Agency:	North Dakota University System
Phone Number:	328-4116	Date Prepared:	12/23/2002

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**Measure
Actions**

**Go to
HB 1039
Versions**

Select New Measure No.

**Go to Major
Topics Index**

**2003
Legislative
Information**

**HJ - House
Journal
SJ - Senate
Journal**

Introduced by Legislative Council

A BILL for an Act to amend and reenact section 15-10-12 of the North Dakota Century relating to the appropriation of higher education institutions' special revenue fund declare an emergency.

01/07 House Introduced, first reading, (emergency), referred Appropriations **HJ 2**

01/21 House Committee Hearing 08:30

02/05 House Request return from committee **HJ 339**

Withdrawn from further consideration **HJ 339**

http://www.state.nd.us/lr/assembly/58-2003/bill_actions/BA1039.html

7/17/2003

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2003 TESTIMONY

IIB 1039

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CP

**Testimony on
HB 1039, 1040, 1041, and 1042
Larry A. Isaak, Chancellor
North Dakota University System
January 21, 2003**

What Do the Bills Do?

These bills permanently place in state statute legislation that was passed by the 57th Legislative Assembly. The legislation enacted in 2001 sunsets June 30, 2003. The bills were introduced by the interim Legislative Council Higher Education Committee. In order to continue these practices, the legislation must be re-enacted and placed in state statute. The bills provide for the following:

- **HB1039:** Tuition revenues would be appropriated in the same way all other institutional funds such as grants and contracts, auxiliary revenues and private funds are appropriated.
- **HB1040:** Permits the carryover of unexpended funds from one biennium to the next, a provision that has been in place for several biennia.
- **HB1041:** Provides for appropriations in two line items for operations and capital assets; and for specific strategies or initiatives.
- **HB1042:** Permanently places in state statute the accountability measures enacted by the 2001 legislature.

History

The Higher Education Roundtable adopted the following major theme as part of the Roundtable cornerstone on funding and rewards:

"In managing the resources available to them, the SBHE, Chancellor and Presidents should have flexibility with accountability. The rules and regulations governing use and management of resources should:

- a. *Delegate responsibility and authority for use of resources to the NDUS in exchange for adherence to agreed-upon procedures for demonstrating accountability;*
- b. *Encourage institutions to act entrepreneurially in pursuit of resources from private sector and sources outside the state;*
- c. *Reward collaboration between and among institutions where appropriate;*
- d. *Extend rewards to units and employees on campuses, which demonstrate exemplary performance consistent with these principles. "*

In keeping with this theme, the Roundtable made the following specific recommendations:

"Executive and Legislative branches:

- a. *Remove all income, including tuition, which is in addition to the state general fund appropriation, from the specific appropriation process;*
- b. *Modify processes to provide the campuses budgetary flexibility by:*

