

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1003

- Page 1, line 2, after "system" insert "; to create and enact six new sections to chapter 15-10, chapters 15-62.4 and 15-62.5, and a new section to chapter 54-10 of the North Dakota Century Code, relating to a unified workforce, vocational, and technical education program system, the workforce education advisory council, the required use of electronic mail, file server administration, database administration, application server, and hosting services, capital project budget requests, audits of higher education computer systems, annual reports regarding scholarships, the student financial assistance program, the scholars program, and higher education audits"
- Page 1, line 2, replace "sections" with "section 15-10-12.1, subsection 3 of section 15-10-17, sections"
- Page 1, line 2, after "15-18.2-02" insert ", 15-18.2-03, 15-18.2-04"
- Page 1, line 2, remove "15-62.2-02,"
- Page 1, line 3, after "15.1-21-02.6" insert ", 54-12-08, and 54-44.1-04, subsection 4 of section 54-44.1-06"
- Page 1, line 3, after "and" insert "section"
- Page 1, line 3, after the first "to" insert "campus building projects and maintenance, legislative authority to set tuition and fees at institutions of higher education"
- Page 1, line 4, remove "student financial assistance grants,"
- Page 1, line 4, after "scholarships" insert ", attorneys hired by the state board of higher education, budget requests submitted to the office of the budget, preparation of budget data"
- Page 1, line 5, after "appropriations" insert "; to repeal chapter 15-62.2 of the North Dakota Century Code, relating to the student financial assistance program and the scholars program"
- Page 1, line 5, after "for" insert "the"
- Page 1, line 6, remove "to authorize the"
- Page 1, line 7, replace "state board of higher education to issue and sell bonds for capital projects" with "to provide for budget section reports; to provide for reports to the sixty-fifth legislative assembly; to provide for legislative management reports and studies; to provide an appropriation to the state auditor; to provide an appropriation to the attorney general; to provide a contingent appropriation to the state board of higher education; to provide exemptions;"
- Page 1, line 13, replace "North Dakota university system" with "state board of higher education"
- Page 1, line 13, remove "various"
- Page 1, line 14, remove "state"
- Page 1, line 14, replace "of higher education" with a comma

Page 1, line 15, replace "North Dakota university system office" with "state board of higher education"

Page 1, line 15, remove "to"

Page 1, line 15, remove "various"

Page 1, line 15, after "entities" insert "and institutions under the control of the board,"

Page 1, remove lines 17 through 24

Page 2, remove lines 1 through 31

Page 3, remove lines 1 through 31

Page 4, remove lines 1 through 30

Page 5, remove lines 1 through 30

Page 6, remove lines 1 through 31

Page 7, replace lines 1 through 3 with:

"Subdivision 1.

NORTH DAKOTA UNIVERSITY SYSTEM OFFICE

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Capital assets - bond payments	\$10,436,045	(\$2,067,209)	\$8,368,836
Competitive research program	7,050,000	0	7,050,000
System governance	12,666,502	(5,114,727)	7,551,775
Title II	1,006,472	0	1,006,472
Core technology services	38,662,551	7,390,980	46,053,531
Student financial assistance grants	21,245,679	4,388,597	25,634,276
Professional student exchange program	4,275,015	0	4,275,015
Academic and technical education scholarships	10,000,000	4,997,653	14,997,653
Two-year campus marketing	800,000	0	800,000
Scholars program	2,113,584	0	2,113,584
Native American scholarships	649,267	0	649,267
Tribally controlled community college grants	1,000,000	(500,000)	500,000
Education incentive programs	3,349,000	0	3,349,000
Student mental health	282,520	33,480	316,000
Veterans assistance grants	325,000	0	325,000
Deferred maintenance pool	0	5,000,000	5,000,000
Campus security pool	0	3,000,000	3,000,000
Open education resources training	0	110,000	110,000
Extraordinary repairs pool	0	11,162,008	11,162,008
Total all funds	\$113,861,635	\$28,400,782	\$142,262,417
Less estimated income	2,299,912	(288,696)	2,011,216
Total general fund	\$111,561,723	\$28,689,478	\$140,251,201
Full-time equivalent positions	112.91	(16.52)	96.39

Subdivision 2.

BISMARCK STATE COLLEGE

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$32,653,654	\$3,975,752	\$36,629,406
Capital assets	<u>417,673</u>	<u>939,927</u>	<u>1,357,600</u>
Total all funds	\$33,071,327	\$4,915,679	\$37,987,006
Less estimated income	<u>0</u>	<u>0</u>	<u>0</u>
Total general fund	\$33,071,327	\$4,915,679	\$37,987,006
Full-time equivalent positions	126.96	6.57	133.53

Subdivision 3.

LAKE REGION STATE COLLEGE

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$12,429,097	\$2,844,995	\$15,274,092
Capital assets	<u>155,367</u>	<u>(155,367)</u>	<u>0</u>
Total all funds	\$12,584,464	\$2,689,628	\$15,274,092
Less estimated income	<u>0</u>	<u>0</u>	<u>0</u>
Total general fund	\$12,584,464	\$2,689,628	\$15,274,092
Full-time equivalent positions	40.22	9.97	50.19

Subdivision 4.

WILLISTON STATE COLLEGE

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$12,783,506	(\$535,584)	\$12,247,922
Capital assets	<u>197,801</u>	<u>87,199</u>	<u>285,000</u>
Total all funds	\$12,981,307	(\$448,385)	\$12,532,922
Less estimated income	<u>0</u>	<u>0</u>	<u>0</u>
Total general fund	\$12,981,307	(\$448,385)	\$12,532,922
Full-time equivalent positions	44.15	5.81	49.96

Subdivision 5.

UNIVERSITY OF NORTH DAKOTA

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$149,683,005	\$12,074,256	\$161,757,261
Capital assets	<u>4,411,566</u>	<u>57,830,019</u>	<u>62,241,585</u>
Total all funds	\$154,094,571	\$69,904,275	\$223,998,846
Less estimated income	<u>0</u>	<u>0</u>	<u>0</u>
Total general fund	\$154,094,571	\$69,904,275	\$223,998,846
Full-time equivalent positions	633.60	(3.40)	630.20

Subdivision 6.

NORTH DAKOTA STATE UNIVERSITY

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$140,341,540	\$10,545,417	\$150,886,957

Capital assets	<u>2,732,244</u>	<u>(1,140,818)</u>	<u>1,591,426</u>
Total all funds	\$143,073,784	\$9,404,599	\$152,478,383
Less estimated income	<u>0</u>	<u>0</u>	<u>0</u>
Total general fund	\$143,073,784	\$9,404,599	\$152,478,383
Full-time equivalent positions	491.21	45.89	537.10

Subdivision 7.

NORTH DAKOTA STATE COLLEGE OF SCIENCE

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$38,181,456	\$3,511,925	\$41,693,381
Capital assets	<u>1,012,379</u>	<u>(737,281)</u>	<u>275,098</u>
Total all funds	\$39,193,835	\$2,774,644	\$41,968,479
Less estimated income	<u>0</u>	<u>0</u>	<u>0</u>
Total general fund	\$39,193,835	\$2,774,644	\$41,968,479
Full-time equivalent positions	171.87	(3.57)	168.30

Subdivision 8.

DICKINSON STATE UNIVERSITY

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$26,299,227	(\$1,096,445)	\$25,202,782
Capital assets	<u>409,078</u>	<u>(409,078)</u>	<u>0</u>
Total all funds	\$26,708,305	(\$1,505,523)	\$25,202,782
Less estimated income	<u>0</u>	<u>0</u>	<u>0</u>
Total general fund	\$26,708,305	(\$1,505,523)	\$25,202,782
Full-time equivalent positions	100.32	19.94	120.26

Subdivision 9.

MAYVILLE STATE UNIVERSITY

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$14,364,424	\$623,654	\$14,988,078
Capital assets	<u>358,992</u>	<u>(130,707)</u>	<u>228,285</u>
Total all funds	\$14,723,416	\$492,947	\$15,216,363
Less estimated income	<u>0</u>	<u>0</u>	<u>0</u>
Total general fund	\$14,723,416	\$492,947	\$15,216,363
Full-time equivalent positions	62.78	3.45	66.23

Subdivision 10.

MINOT STATE UNIVERSITY

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$43,810,211	\$2,980,534	\$46,790,745
Capital assets	<u>899,620</u>	<u>(899,620)</u>	<u>0</u>
Total all funds	\$44,709,831	\$2,080,914	\$46,790,745
Less estimated income	<u>0</u>	<u>0</u>	<u>0</u>

Total general fund	\$44,709,831	\$2,080,914	\$46,790,745
Full-time equivalent positions	201.76	2.34	204.10

Subdivision 11.

VALLEY CITY STATE UNIVERSITY

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$20,691,135	\$1,215,404	\$21,906,539
Capital assets	408,319	(165,081)	243,238
Total all funds	\$21,099,454	\$1,050,323	\$22,149,777
Less estimated income	0	0	0
Total general fund	\$21,099,454	\$1,050,323	\$22,149,777
Full-time equivalent positions	97.29	8.30	105.59

Subdivision 12.

DAKOTA COLLEGE AT BOTTINEAU

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$7,892,043	(\$18,821)	\$7,873,222
Capital assets	114,007	(85,550)	28,457
Total all funds	\$8,006,050	(\$104,371)	\$7,901,679
Less estimated income	0	0	0
Total general fund	\$8,006,050	(\$104,371)	\$7,901,679
Full-time equivalent positions	36.12	10.84	46.96

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	\$52,762,590	\$19,511,649	\$72,274,239
Total all funds	\$52,762,590	\$19,511,649	\$72,274,239
Less estimated income	0	0	0
Total general fund	\$52,762,590	\$19,511,649	\$72,274,239
Full-time equivalent positions	156.55	28.03	184.58

Subdivision 14.

NORTH DAKOTA FOREST SERVICE

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$6,249,979	\$326,982	\$6,576,961
Capital assets	101,210	(44,962)	56,248
Total all funds	\$6,351,189	\$282,020	\$6,633,209
Less estimated income	1,650,000	0	1,650,000
Total general fund	\$4,701,189	\$282,020	\$4,983,209
Full-time equivalent positions	29.00	(0.04)	28.96

Subdivision 15.

BILL TOTAL

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Grand total general fund	\$679,271,846	\$142,614,291	\$821,886,137
Grand total special funds	<u>3,949,912</u>	<u>(288,696)</u>	<u>3,661,216</u>
Grand total all funds	\$683,221,758	\$142,325,595	\$825,547,353"

Page 7, replace lines 9 and 10 with:

"Capital projects - general fund	\$155,691,350	\$62,000,000
Capital projects - other funds	168,531,029	0"

Page 7, replace lines 13 and 14 with:

"Campus security pool	0	3,000,000"
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Page 7, replace line 16 with:

"Open education resource training	0	110,000"
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Page 7, replace line 25 with:

"Education challenge fund	29,000,000	0
School of medicine and health sciences residency positions	0	4,700,000"

Page 7, replace lines 28 through 30 with:

"Total all funds	\$394,389,098	\$95,696,995
Total other funds	<u>171,031,029</u>	<u>0</u>
Total general fund	\$223,358,069	\$95,696,995"

Page 8, after line 4, insert:

"SECTION 3. CONTINGENT APPROPRIATION - LEGISLATIVE MANAGEMENT REPORT. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$50,000, or so much of the sum as may be necessary, to the state board of higher education for the unified workforce, vocational, and technical education program system, for the biennium beginning July 1, 2015, and ending June 30, 2017. The funding provided in this section is available only if the state board of higher education certifies to the office of management and budget that a unified workforce, vocational, and technical program system has been established. The board shall provide reports to the legislative management on the status of the development of the unified system.

SECTION 4. APPROPRIATION - STATE AUDITOR. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$1,221,914, or so much of the sum as may be necessary, to the state auditor for the purpose of conducting audits of institutions and entities under the control of the state board of higher education, for the biennium beginning July 1, 2015, and ending June 30, 2017. The state auditor is authorized six full-time equivalent positions for higher education audit purposes.

SECTION 5. APPROPRIATION - ATTORNEY GENERAL. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$1,604,500, or so much of the sum as may be necessary, to the attorney

general for the purpose of providing legal services for the state board of higher education and institutions and entities under the control of the board, for the biennium beginning July 1, 2015, and ending June 30, 2017. The attorney general is authorized six full-time equivalent positions for the purpose of providing legal services to the state board of higher education and institutions and entities under the control of the board.

SECTION 6. AMENDMENT. Section 15-10-12.1 of the North Dakota Century Code is amended and reenacted as follows:

15-10-12.1. Acceptance of buildings and campus improvements - Legislative approval.

The state board of higher education may authorize campus improvements and building maintenance on land under the control of the board ~~which are financed by donations, gifts, grants, and bequests~~ if the cost of the improvement or building maintenance is not more than three hundred eighty-five thousand dollars. The consent of the legislative assembly is required for the construction, purchase, or receipt of any building ~~financed by donations, gifts, grants, and bequests~~ and for campus improvements or building maintenance ~~financed by donations, gifts, grants, and bequests~~ if the cost or estimated cost of the building, improvements, or maintenance is more than three hundred eighty-five thousand dollars. During the time the legislative assembly is not in session, except for the six months preceding the convening of a regular session and the three months following the close of a regular session, and unless otherwise restricted by previous legislative action or other law, the state board of higher education, with the approval of the budget section of the legislative management, may ~~authorize the use of land under the control of the board and construct buildings financed by donations, gifts, grants, and bequests~~ construction, purchase, or receipt of any building and may authorize campus improvements and building maintenance ~~financed by donations, gifts, grants, and bequests~~ and if the cost or estimated cost of the building, improvement, or maintenance is more than three hundred eighty-five thousand dollars. The budget section approval must include a specific dollar limit for each building, campus improvement project, or maintenance project. The state board of higher education may authorize the sale of any real property or buildings which an institution of higher learning has received by gift or bequest. The board shall prescribe such conditions for the sale of the property as it determines necessary. The conditions must include requiring an appraisal and public auction or advertisement for bids, unless the gift instrument requires a different process. If the state board of higher education submits a request for campus improvements, building maintenance, or to construct buildings under this section to the budget section for approval, the legislative council shall notify each member of the legislative assembly of the date of the budget section meeting at which the request will be considered and provide a copy of the meeting agenda to each member of the legislative assembly. The chairman of the budget section shall allow any member of the legislative assembly an opportunity to present testimony to the budget section regarding any such request.

SECTION 7. AMENDMENT. Subsection 3 of section 15-10-17 of the North Dakota Century Code is amended and reenacted as follows:

3.
 - a. SetCharge tuition and feesin the amounts established by the legislative assembly.
 - b. Charge fees subject to any statutory limitations or requirements.

SECTION 8. A new section to chapter 15-10 of the North Dakota Century Code is created and enacted as follows:

Capital project requests - Maintenance reserve account.

Every new building project funding request and building maintenance funding request submitted for approval to the legislative assembly or to the budget section of the legislative management under section 15-10-12.1 must conform to campus master plan and space utilization studies completed by or for the state board of higher education. Each new building project request exceeding five million dollars must include a funding request for future maintenance costs equal to three percent of the project cost. The future maintenance funds must be deposited in an account under the control of the state board of higher education to be used only for future maintenance costs of buildings subject to this section.

SECTION 9. A new section to chapter 15-10 of the North Dakota Century Code is created and enacted as follows:

Required use of electronic mail, file server administration, database administration, application server, and hosting services.

Each institution and entity under the control of the state board of higher education shall obtain electronic mail, file server administration, database administration, storage, application server, and hosting services through a delivery system established by the board. The board shall establish policies and guidelines for the delivery of services, including the transition from existing systems to functional consolidation, with consideration given to the creation of efficiencies, cost-savings, and improved quality of service.

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

Audits of computer systems - Penalty.

1. Any auditor hired to conduct audits of the state board of higher education and the entities under the control and supervision of the board may:
 - a. Conduct a review and assessment of any computer system or related security system of the state board of higher education or any entity under the control and supervision of the board. A review and assessment under this section may include an assessment of system vulnerability, network penetration, any potential security breach, and the susceptibility of the system to cyber attack or cyber fraud.
 - b. Disclose the findings of a review and assessment to an individual or committee designated by the state board of higher education or to the board. Any record relating to a review and assessment, including a working paper or preliminary draft of a review and assessment report and a report of the findings of a review and assessment, and any record that may cause or perpetuate vulnerability of a computer system or related security system which is obtained or created during a review and assessment is an exempt record.
 - c. In conjunction with the state board of higher education or a committee designated by the board, procure the services of a specialist in information security systems or any other contractor deemed necessary in conducting a review and assessment under this section.

2. Any person hired or contracted to provide services in relation to a review and assessment under this section is subject to the privacy and confidentiality provisions of subsection 1 and any other section of law, including section 44-04-27, and for the purposes of section 12.1-13-01, is a public servant.

SECTION 11. A new section to chapter 15-10 of the North Dakota Century Code is created and enacted as follows:

Unified workforce, vocational, and technical education program system.

The state board of higher education shall establish and maintain a unified system to offer workforce training, vocational education, and technical education programs at institutions under its control. The board shall periodically review programs offered by institutions under its control and revise program offerings based on the workforce needs of the state identified by the workforce education advisory council. The board shall develop administrative arrangements that make possible the efficient use of facilities and staff. The board shall limit administrative costs by eliminating duplicative administrative positions.

SECTION 12. A new section to chapter 15-10 of the North Dakota Century Code is created and enacted as follows:

Workforce education advisory council - Membership - Duties.

The state board of higher education shall establish a workforce education advisory council to advise the board regarding skills and qualifications needed for workforce training, vocational, and technical education programs offered at institutions under the control of the board. The council is composed of a representative of the department of career and technical education, a representative of job service North Dakota, a representative of the department of commerce, and eight members representing business and industry in the state. The eight members representing business and industry shall be appointed by the chairman of the legislative management. The North Dakota university system office shall provide staff services for the advisory council and members of the council who are not employees of the state are entitled to expense reimbursement from the board, as provided by law for state officers, for attending meetings of the council.

SECTION 13. A new section to chapter 15-10 of the North Dakota Century Code is created and enacted as follows:

Annual report - Scholarships.

The state board of higher education shall provide to the legislative management an annual report regarding the number of North Dakota academic scholarships and career and technical education scholarships provided and demographic information pertaining to the recipients."

Page 10, line 3, overstrike "2.3" and insert immediately thereafter "1.0"

Page 10, after line 9, insert:

"SECTION 15. AMENDMENT. Section 15-18.2-03 of the North Dakota Century Code is amended and reenacted as follows:

15-18.2-03. Credit completion factor - Determination.

1. ~~For~~Except as provided in subsections 2 and 3 of this section, for each institution under its control, the state board of higher education shall multiply the product determined under section 15-18.2-02 by a factor of:
 - a. ~~1.00 if the number of credit hours is at least 100,000;~~
 - b. ~~1.05 if the number of credit hours is at least 95,000 but less than 100,000;~~
 - c. ~~1.10 if the number of credit hours is at least 90,000 but less than 95,000;~~
 - d. ~~1.15 if the number of credit hours is at least 85,000 but less than 90,000;~~
 - e. ~~1.20 if the number of credit hours is at least 80,000 but less than 85,000;~~
 - f. ~~1.25 if the number of credit hours is at least 75,000 but less than 80,000;~~
 - g. ~~1.30 if the number of credit hours is at least 70,000 but less than 75,000;~~
 - h. ~~1.35 if the number of credit hours is at least 65,000 but less than 70,000;~~
 - i. ~~1.40 if the number of credit hours is at least 60,000 but less than 65,000;~~
 - j. ~~1.45 if the number of credit hours is at least 55,000 but less than 60,000;~~
 - k. ~~1.50 if the number of credit hours is at least 50,000 but less than 55,000;~~
 - l. ~~1.55 if the number of credit hours is at least 45,000 but less than 50,000;~~
 - m. ~~1.60 if the number of credit hours is at least 40,000 but less than 45,000;~~
 - n. ~~1.65 if the number of credit hours is at least 35,000 but less than 40,000;~~
 - o. ~~1.70 if the number of credit hours is at least 30,000 but less than 35,000;~~
 - p. ~~1.75 if the number of credit hours is at least 25,000 but less than 30,000;~~
 - q. ~~1.80 if the number of credit hours is at least 20,000 but less than 25,000;~~
 - r. ~~1.85 if the number of credit hours is at least 15,000 but less than 20,000;~~

- s. ~~1.90 if the number of credit-hours is at least 10,000 but less than 45,000;~~
 - t. ~~1.95 if the number of credit-hours is at least 5,000 but less than 40,000; and~~
 - u. ~~2.00 if the number of credit-hours is less than 5,000.~~
 - a. 1.00 if the number of credit-hours is at least 1,000,000;
 - b. 1.10 if the number of credit-hours is at least 400,000 but less than 1,000,000;
 - c. 1.15 if the number of credit-hours is at least 200,000 but less than 400,000;
 - d. 1.35 if the number of credit-hours is at least 100,000 but less than 200,000;
 - e. 1.50 if the number of credit-hours is at least 50,000 but less than 100,000; and
 - f. 1.75 if the number of credit-hours is less than 50,000.
2. If the square footage of an institution, when divided by the institution's weighted credit-hours results in a quotient greater than 5.00, the state board of higher education shall multiply the product determined under section 15-18.2-02 by a factor of 1.00. For purposes of this subsection, the square footage of an institution includes real property as determined by the state board of higher education in accordance with section 15-18.2-04.
 3. If the number of credit-hours completed by an institution causes a decrease in the credit completion factor for that institution, the new credit completion factor shall not be in effect for calculation purposes for the first two fiscal years following the change.
 4. For purposes of this section, the number of credit-hours must be those determined by the state board of higher education in accordance with section 15-18.2-01.

SECTION 16. AMENDMENT. Section 15-18.2-04 of the North Dakota Century Code is amended and reenacted as follows:

15-18.2-04. Institutional size factor - Determination.

1. For each institution under its control, the state board of higher education shall multiply the product determined under section 15-18.2-03 by a size factor of:
 - a. 1.0 if the square footage of the institution, when divided by the institution's weighted credit-hours results in a quotient of less than 5.00; or
 - b. ~~4.8~~1.7 if the square footage of the institution, when divided by the institution's weighted credit-hours results in a quotient of 5.00 or more.
2. For purposes of this section, an institution's square footage:

- a. Includes all real property owned by the state within an institution's perimeter, except for agricultural experiment stations, agricultural research extension centers, technology parks, and state agencies; and
- b. Is determined as of June thirtieth in each odd-numbered year."

Page 10, line 16, replace "\$79.05" with "\$71.00"

Page 10, line 18, replace "\$120.32" with "\$105.10"

Page 10, line 18, remove the overstrike over "Dickinson state university,"

Page 10, line 19, after the semicolon insert "and"

Page 10, line 20, overstrike "\$98.75"

Page 10, line 20, remove "\$121.19"

Page 10, line 20, overstrike "in the case of Minot"

Page 10, line 20, remove "Dickinson"

Page 10, line 20, overstrike "state university;"

Page 10, line 21, overstrike "4."

Page 10, line 21, replace "\$132.58" with "\$112.46"

Page 10, line 22, overstrike "and"

Page 10, line 22, overstrike the semicolon and insert immediately thereafter an underscored comma

Page 10, line 23, overstrike "5. \$104.88"

Page 10, line 23, remove "\$138.69"

Page 10, line 23, overstrike "in the case of"

Page 10 remove lines 24 through 30

Page 11, replace lines 1 through 11 with:

"SECTION 18. Chapter 15-62.4 of the North Dakota Century Code is created and enacted as follows:

15-62.4-01. Student financial assistance program.

The state board of higher education shall administer the North Dakota student financial assistance program for the purpose of providing a grant to an individual who demonstrates significant financial need and who:

- 1. a. Graduated from a high school in this state;
- b. Graduated from a high school in a bordering state, pursuant to chapter 15.1-29;
- c. Graduated from a nonpublic high school in a bordering state while residing with a custodial parent in this state; or

- d. Completed a program of home education supervised in accordance with chapter 15.1-23;
- 2. a. Is enrolled at an accredited institution of higher education in this state, provided the institution offers a program of instruction equal to at least two academic years; or
- b. Because of a medically certifiable disability is enrolled at an accredited institution of higher education outside of this state which offers the individual special services or facilities not available in this state, provided the institution offers a program of instruction equal to at least two academic years; and
- 3. Is pursuing a course of study determined by the state board of higher education to be at least quarter-time.

15-62.4-02. Student financial assistance program - Criteria and procedures.

The state board of higher education shall adopt:

- 1. Criteria governing the application process;
- 2. Criteria governing the determination of financial need, which must include consideration of parental contributions to educational expenses;
- 3. Criteria governing the selection process; and
- 4. Procedures for providing fiscal control, fund accounting, and reports.

15-62.4-03. Student financial assistance program - Grants.

- 1. The state board of higher education shall provide to each eligible student a financial assistance grant in an amount not exceeding:
 - a. Nine hundred seventy-five dollars per semester; or
 - b. Six hundred fifty dollars per quarter.
- 2. a. A student is not entitled to receive grants under this chapter for more than the equivalent of:
 - (1) Eight semesters of full-time enrollment; or
 - (2) Twelve quarters of full-time enrollment.
- b. Notwithstanding subdivision a, a student is not entitled to receive a grant under this chapter after the student obtains a baccalaureate degree.
- 3. The board shall forward grants payable under this chapter directly to the institution in which the student is enrolled.

15-62.4-04. Student financial assistance program - Advisory board.

- 1. The student financial assistance advisory board is created for the purposes of:

- a. Providing advice to the state board of higher education regarding the student financial assistance program; and
 - b. Functioning as a liaison between the state board of higher education and the institutions of higher education participating in the student financial assistance program.
2. a. The student financial assistance advisory board consists of:
- (1) Three financial aid officers;
 - (2) A chief financial officer;
 - (3) A high school counselor; and
 - (4) A student enrolled at an institution of higher education in this state.
- b. All members must be appointed by the state board of higher education.
- c. All members other than the student must be employed by an educational institution in this state.
- d. No more than one member may be employed by the same educational institution as another member.
3. The state board of higher education shall determine the terms of the student financial assistance advisory board members and establish any necessary rules of operation and procedure.
4. Each member of the student financial assistance advisory board is entitled to reimbursement for expenses, as provided by law for state officers, if the member is attending meetings or performing duties directed by the advisory board.

15-62.4-05. Student financial assistance program - Gifts and grants - Acceptance.

The state board of higher education may receive, administer, and expend moneys from public and private sources for the purposes of this chapter.

SECTION 19. Chapter 15-62.5 of the North Dakota Century Code is created and enacted as follows:

15-62.5-01. Scholars program.

The state board of higher education shall administer the scholars program for the purpose of providing a merit-based scholarship to an individual who:

- 1. a. Graduated from a high school in this state;
- b. Graduated from a high school in a bordering state, pursuant to chapter 15.1-29;
- c. Graduated from a nonpublic high school in a bordering state while residing with a custodial parent in this state; or

- d. Completed a program of home education supervised in accordance with chapter 15.1-23;
- 2. On the ACT, achieved composite scores that ranked the individual at or above the ninety-fifth percentile among those who took the ACT prior to July first in the calendar year preceding the individual's enrollment;
- 3. a. Is enrolled at an accredited institution of higher education in this state that offers a program of instruction equal to at least two academic years;
 - b. Because of a medically certifiable disability is enrolled at an accredited institution of higher education outside of this state that offers the individual special services or facilities not available in this state, provided the institution offers a program of instruction equal to at least two academic years; and
- 4. Is pursuing a course of study determined by the board to be full-time.

15-62.5-02. Scholars program - Criteria and procedures.

The state board of higher education shall adopt:

- 1. Criteria governing the application process;
- 2. Criteria governing the selection process, within the requirements of section 15-62.5-03; and
- 3. Procedures for providing fiscal control, fund accounting, and reports.

15-62.5-03. Scholars program - Ranking and selection of recipients.

- 1. The state board of higher education shall rank scholars program applicants by their ACT composite scores.
- 2. If two or more applicants have the same composite scores, they must be ranked by the numeric sum of their four scale scores on the ACT.
- 3. If two or more applicants have the same composite scores and the same numeric sum of the four scale scores, they must be ranked by the numeric sum of their English and mathematics scores.
- 4. The state board of higher education may establish additional criteria to rank applicants who have the same numeric sum of their English and mathematics scores.
- 5. Scholarships must be offered to applicants in descending order according to this ranking until available funds have been expended or until the pool of applicants has been exhausted.

15-62.5-04. Scholars program - Scholarship amounts - Stipends.

- 1. a. Each semester, the state board of higher education shall provide to an eligible student a scholarship in an amount not exceeding the tuition charged at the institution in which the student is enrolled, provided the amount may not exceed the highest undergraduate semester tuition

- charged at an institution of higher education under the control of the state board of higher education.
- b. Each quarter the state board of higher education shall provide to an eligible student a scholarship in an amount not exceeding the tuition charged per quarter at the institution in which the student is enrolled, provided the amount may not exceed two-thirds of the highest undergraduate semester tuition charged at an institution of higher education under the control of the state board of higher education.
 - c. For purposes of this subsection, the rates are calculated using a traditional fall and spring academic year.
- 2. The scholarships provided for under this section are conditioned on the student maintaining a 3.5 cumulative grade point average, based on a 4.0 grading system.
 - 3. Any student eligible for a scholarship under this section is also eligible for a stipend in an amount not exceeding two thousand dollars annually. The state board of higher education may distribute the stipend on a semester or a quarter basis.
 - 4. a. A student is not entitled to receive scholarships under this chapter for more than the equivalent of:
 - (1) Eight semesters of full-time enrollment; or
 - (2) Twelve quarters of full-time enrollment.
 - b. Notwithstanding subdivision a, a student is not entitled to receive a scholarship under this chapter after the student obtains a baccalaureate degree.
 - 5. The state board of higher education shall forward scholarships and stipends payable under this chapter directly to the institution in which the student is enrolled.

15-62.5-05. Use of scholarships and stipends - Refund policy.

Scholarships and stipends awarded under this chapter may be applied to defray tuition charges, fees, room and board charges, and the cost of books and supplies, and for any other expenses incidental to attending an institution of higher education. If an individual discontinues attendance before the completion of any semester or quarter for which a scholarship or stipend has been received, the individual is subject to the refund or repayment policy of the institution at which the individual was enrolled."

Page 11, line 22, after "of" insert "at least"

Page 11, line 22, after "2.75" insert "on a 4.0 scale"

Page 11, line 30, after "of" insert "at least"

Page 11, line 30, after "2.75" insert "on a 4.0 scale"

Page 12, line 5, remove "one thousand two hundred"

Page 12, line 6, replace "fifty" with "nine hundred seventy-five"

Page 12, line 8, after "of" insert "at least"

Page 12, line 8, after "2.75" insert "on a 4.0 grading scale"

Page 12, line 13, replace "eight hundred thirty-three" with "six hundred fifty"

Page 12, line 16, after "of" insert "at least"

Page 12, line 16, after "2.75" insert "on a 4.0 grading scale"

Page 12, line 24, replace "ten thousand" with "seven thousand eight hundred"

Page 14, after line 3, insert:

"SECTION 21. A new section to chapter 54-10 of the North Dakota Century Code is created and enacted as follows:

State board of higher education audits.

1. The state auditor shall employ an audit manager to perform all audit related functions of the state board of higher education, including the examination and evaluation of the adequacy and effectiveness of the board's governance, risk management, internal controls, and performance of constitutionally and statutorily required duties. The audit manager shall conduct audits, as determined appropriate by the state auditor, of each institution under the supervision and control of the state board of higher education. The audit manager shall consult with the state board of higher education, or a committee designated by the board, regarding audit plans, results of audit activities, and any other appropriate issue. This section does not require the state auditor to perform any duties that would compromise the auditor's independence under government auditing standards.
2. The audit manager may access and examine any record under the control of the state board of higher education. For purposes of reviewing records under the Family Educational Rights and Privacy Act [20 U.S.C. 1232g; 34 CFR 99] or any other federal privacy law, the audit manager must be considered an agent of the state board of higher education.
3. The state auditor may hire employees necessary to carry out the duties and responsibilities of this section. The state auditor may hire consultants to assist with any duties required under this section subject to approval by the legislative audit and fiscal review committee. The state board of higher education shall pay for the cost of any consultant approved under this section.

SECTION 22. AMENDMENT. Section 54-12-08 of the North Dakota Century Code is amended and reenacted as follows:

54-12-08. Assistant and special assistant attorneys general - Appointment - Revocation - Compensation.

After consultation with the head of the state department or institution or with the state board, commission, committee, or agency affected, the attorney general may appoint assistant or special assistant attorneys general to represent the state board, commission, committee, or agency. A state officer, head of any state department, whether elected or appointed, or state department, board, commission, committee, or

agency may not employ legal counsel, and no person may act as legal counsel in any matter, action, or proceeding in which the state or any state department, board, commission, committee, or agency is interested or is a party, except upon written appointment by the attorney general. Workforce safety and insurance, the department of transportation, the state tax commissioner, the public service commission, the insurance commissioner, ~~the board of higher education~~, and the securities commissioner may employ attorneys to represent them. These entities shall pay the salaries and expenses of the attorneys they employ within the limits of legislative appropriations. The attorneys that represent these entities must be special assistant attorneys general appointed by the attorney general pursuant to this section. Absent good cause, the attorney general shall appoint as special assistant attorneys general licensed attorneys selected by these entities. The attorney general may revoke the appointment only for good cause or upon the request of the entity. Good cause means an inadequate level of experience, competence, or ethical standards. The powers conferred upon special assistant attorneys general are the same as are exercised by the regular assistant attorneys general, unless the powers are limited specifically by the terms of the appointment. Except as otherwise provided by this section, an appointment is revocable at the pleasure of the attorney general. The appointment may be made with or without compensation, and when compensation is allowed by the attorney general for services performed, the compensation must be paid out of the funds appropriated therefor. The attorney general may require payment for legal services rendered by any assistant or special assistant attorney general to any state official, board, department, agency, or commission and those entities shall make the required payment to the attorney general. Moneys received by the attorney general in payment for legal services rendered must be deposited into the attorney general's operating fund. General fund moneys may not be utilized for the payment of legal services provided by the attorneys employed by the attorney general, except for those payments required of the department of human services, state department of health, and the state hospital.

SECTION 23. AMENDMENT. Section 54-44.1-04 of the North Dakota Century Code is amended and reenacted as follows:

54-44.1-04. Budget estimates of budget units filed with the office of the budget - Deadline.

The head of each budget unit, not later than July fifteenth of each year next preceding the session of the legislative assembly, shall submit to the office of the budget, estimates of financial requirements of the person's budget unit for the next two fiscal years, on the forms and in the manner prescribed by the office of the budget, with such explanatory data as is required by the office of the budget and such additional data as the head of the budget unit wishes to submit. The estimates of financial requirements for budget units under the control of the state board of higher education must be made using the same forms, supporting information, and documentation as other budget units. Any request for a new full-time or part-time permanent position included in a budget unit's estimate of its financial requirements for the next two fiscal years must include documentation justifying the need for the position. The documentation must describe the circumstances resulting in the need for the position and identify the number of hours the position will be involved in specific types of activities and the anticipated outcomes of the activities. The estimates so submitted must bear the approval of the board or commission of each budget unit for which a board or commission is constituted. The director of the budget may extend the filing date for any budget unit if the director finds there is some circumstance that makes it advantageous to authorize the extension. If a budget unit has not submitted its

estimate of financial requirements by the required date or within a period of extension set by the director of the budget, the director of the budget shall prepare the budget unit's estimate of financial requirements except the estimate may not exceed ninety percent of the budget unit's previous biennial appropriation. The director of the budget or a subordinate officer as the director shall designate shall examine the estimates and shall afford to the heads of budget units reasonable opportunity for explanation in regard thereto and, when requested, shall grant to the heads of budget units a hearing thereon which must be open to the public.

SECTION 24. AMENDMENT. Subsection 4 of section 54-44.1-06 of the North Dakota Century Code is amended and reenacted as follows:

4. Detailed comparative statements of expenditures and requests for appropriations by funds, budget units and classification of expenditures, showing the expenditures for the previous biennium, the first fiscal year of the present biennium, the budget of the current biennium, and the governor's recommendation for appropriations for each budget unit for the next biennium, all distributed according to the prescribed classification of expenditures. Following the lists of actual and proposed expenditures of each budget unit there must be a brief explanation of the functions of the unit and comments on its policies and plans and on any considerable differences among the amounts recommended, with any descriptive, quantitative, comparative, and other data as to work done, unit costs, and like information as may be considered necessary or desirable. For capital outlay expenditures involving construction projects to be completed in two or more fiscal years, there must be shown the total estimated cost of each such project and the amount thereof recommended to be appropriated and expended in each ensuing fiscal year until completion of the project. Capital outlay needs may be projected for at least two years beyond the period covered by the budget. The detailed comparative statements of budget units under the control of the state board of higher education must include the same information presented for other budget units."

Page 15, after line 24, insert:

"SECTION 26. REPEAL. Chapter 15-62.2 of the North Dakota Century Code is repealed."

Page 15, line 27, after "part" insert "as provided in this section"

Page 15, line 29, remove "based on the recommendations"

Page 15, line 30, remove "of the commissioner of higher education"

Page 16, line 3, remove "the"

Page 16, line 3, replace "study" with "studies"

Page 16, after line 6, insert:

- "3. The campus security funding pool line item includes funding that must be used to address security needs at institutions based on campus risk and security assessments.
4. The extraordinary repairs funding pool line item includes funding that must be used to address infrastructure needs at institutions and forest service

facilities based on university system master plan and space utilization studies and identified needs of the forest service.

The state board of higher education may not transfer any funding from the deferred maintenance funding pool or the extraordinary repairs funding pool to an institution or entity under its control unless the institution or entity has submitted a comprehensive space utilization study to the board. The comprehensive space utilization study must include a review of current space for instruction, academic support, student services, and administration; the current utilization of each type of space; and the projected future needs for each type of space. The state board of higher education shall provide reports to the legislative management during the 2015-16 interim regarding distributions from the deferred maintenance, campus security, and extraordinary repairs funding pools."

Page 16, line 14, after "**REAUTHORIZATION**" insert "- **BUDGET SECTION REPORT**"

Page 17, line 7, remove "based on the recommendation of the commissioner of higher education"

Page 17, line 22, after "**EXEMPTION**" insert "- **CONTINGENT APPROPRIATION REDUCTION**"

Page 17, line 24, remove "from this line item are available during the biennium beginning"

Page 17, remove lines 25 through 30

Page 18, remove line 1

Page 18, line 2, replace "legislative management regarding the distribution of funds from the performance funding pool" with "in this line item must be canceled by the office of management and budget on the effective date of this section. The office of management and budget shall reduce the general fund appropriation authority included in the system governance line item contained in subdivision 1 of section 1 of this Act in an amount equal to any appropriation used from the performance funding pool line item contained in section 1 of chapter 34 of the 2013 Session Laws"

Page 18, after line 2, insert:

"SECTION 36. EXEMPTION - TRANSFER - GRANT. The sum of \$750,000 from the general fund is appropriated in the capital assets line item in subdivision 5 of section 1 of chapter 34 of the 2013 Session Laws for the university of North Dakota school of medicine and health sciences Bismarck family practice center skywalk project. Pursuant to section 54-44.1-11, \$200,000 of the unexpended appropriation authority for the project must be continued into the biennium beginning July 1, 2015, and ending June 30, 2017, and must be transferred to the university system office for the purpose of providing a grant to the North Dakota humanities council for the development of elementary and secondary civics education. Any remaining unexpended appropriation authority for the project is not subject to section 54-44.1-11 and the office of management and budget shall cancel the remaining unexpended appropriation authority on the effective date of this section.

SECTION 37. STATE FLEET REIMBURSEMENT - TRANSFER.

Notwithstanding any other provision of law, the university of North Dakota shall transfer the sum of \$375,000 to the department of transportation for costs associated with previous use by the institution of state fleet services motor coaches and North Dakota state university shall transfer the sum of \$375,000 to the department of transportation

for costs associated with previous use by the institution of state fleet services motor coaches. The university of North Dakota and North Dakota state university shall transfer the funds as directed under this section to the department of transportation prior to January 1, 2016.

SECTION 38. STATE BOARD OF HIGHER EDUCATION - EVALUATION OF EMPLOYEES. The state board of higher education shall conduct or contract for comprehensive performance evaluations of the president and each individual designated as a vice president of an institution under the supervision and control of the board and of the commissioner of higher education and each individual within the university system office with the title of "vice chancellor". Each performance review must include participation and input from the individual's subordinates, peers, supervisors, and other appropriate individuals, as well as the individual being evaluated. Each performance review must include an analysis of the individual's contribution and performance in leadership, teamwork, interpersonal communication, management, contribution, work habits, interpersonal interaction, and accountability. Notwithstanding any provision of law, any record created or collected in the conduct of a performance review under this section and the report of each performance review is a public record. This section does not apply to any individual who has served in their respective position for less than three years as of July 1, 2015.

SECTION 39. STATE BOARD OF HIGHER EDUCATION DATA INCONSISTENCIES - REPORT TO THE SIXTY-FIFTH LEGISLATIVE ASSEMBLY. During the biennium beginning July 1, 2015, and ending June 30, 2017, the state board of higher education shall evaluate the following data inconsistency issues at institutions and entities under its control and develop policies and procedures to correct the inconsistencies:

1. Lack of integration of personal and demographic information among computer systems;
2. Lack of use of standard chart of accounts for financial reporting and standard department budget table deduction and tax override flags;
3. Absence of standard business processes for recording mandatory fees and for changing payroll funding source information;
4. Inconsistent methods and procedures at institutions for recording high school completions, identifying student cohorts for reporting purposes, and classifying agency funds;
5. Inconsistent practices and policies at institutions for awarding tuition waivers, admitting students, using purchasing card, charging tuition and fees, and accruing of faculty sick leave;
6. Inconsistent coding and naming for bad debt expense and journal entries;
7. Use of shadow accounting systems for reporting purposes; and
8. Inconsistent definitions for a distance education student, a resident student for tuition purposes, and a full-time student for federal tax purposes.

The state board of higher education shall provide a report to the appropriations committees of the sixty-fifth legislative assembly regarding the status of the

inconsistencies, including policies and procedures implemented to correct the inconsistencies.

SECTION 40. HIGHER EDUCATION INSTITUTION PERMANENT FUNDS - REPORT TO SIXTY-FIFTH LEGISLATIVE ASSEMBLY. The state board of higher education shall provide a report to the appropriations committees of the sixty-fifth legislative assembly regarding the use of funds received by institutions under its control from permanent fund income established for the benefit of the institutions in section 1 of article IX of the Constitution of North Dakota.

SECTION 41. EXTRAORDINARY CAMPUS NEEDS FUNDING - REPORT TO THE SIXTY-FIFTH LEGISLATIVE ASSEMBLY. The operations line item in subdivision 4 of section 1 of this Act includes the sum of \$2,500,000 for extraordinary campus needs at Williston state college. Williston state college shall provide a report to the appropriations committees of the sixty-fifth legislative assembly regarding the use of this funding and the need to continue the funding in to the biennium beginning July 1, 2017, and ending June 30, 2019.

SECTION 42. LEGISLATIVE MANAGEMENT STUDY - HIGHER EDUCATION COURSE DELIVERY METHODS. During the 2015-16 interim, the legislative management shall consider studying the delivery methods of higher education courses offered by institutions under the control of the state board of higher education. The study, if conducted, must include a review of current methods of distance education offered by institutions, options to improve delivery methods, revenue generated by each type of delivery method, and how course delivery methods may affect future campus infrastructure needs. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fifth legislative assembly.

SECTION 43. LEGISLATIVE MANAGEMENT STUDY - INSTITUTION MISSIONS. During the 2015-16 interim, the legislative management shall study the missions of all two-year institutions and the missions of any other institutions under the control of the state board of higher education, as determined by the legislative management, including the feasibility and desirability of the institutions offering only workforce and career and technical education programs. The study must review the current missions of the institutions, current and projected course and program enrollments, projected workforce needs, including how the institutions can serve the needs, and options to increase operating efficiencies. The legislative management shall report its findings, together with any legislation necessary to implement the findings, to the sixty-fifth legislative assembly."

Page 18, remove lines 3 through 20

Page 18, line 21, replace "The" with "Sections 10, 27, 35, and 36 and the"

Page 18, line 21, after "assets" insert ", extraordinary repairs pool, campus security pool,"

Re-number accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1003 - Summary of House Action

	Base Budget	House Changes	House Version
State Auditor Total all funds	\$0	\$1,221,914	\$1,221,914

Less estimated income	0	0	0
General fund	\$0	\$1,221,914	\$1,221,914
Attorney General			
Total all funds	\$0	\$1,604,500	\$1,604,500
Less estimated income	0	0	0
General fund	\$0	\$1,604,500	\$1,604,500
University System Office			
Total all funds	\$113,861,635	\$28,450,782	\$142,312,417
Less estimated income	2,299,912	(288,696)	2,011,216
General fund	\$111,561,723	\$28,739,478	\$140,301,201
Bismarck State College			
Total all funds	\$33,071,327	\$4,915,679	\$37,987,006
Less estimated income	0	0	0
General fund	\$33,071,327	\$4,915,679	\$37,987,006
Lake Region State College			
Total all funds	\$12,584,464	\$2,689,628	\$15,274,092
Less estimated income	0	0	0
General fund	\$12,584,464	\$2,689,628	\$15,274,092
Williston State College			
Total all funds	\$12,981,307	(\$448,385)	\$12,532,922
Less estimated income	0	0	0
General fund	\$12,981,307	(\$448,385)	\$12,532,922
University of North Dakota			
Total all funds	\$154,094,571	\$69,904,275	\$223,998,846
Less estimated income	0	0	0
General fund	\$154,094,571	\$69,904,275	\$223,998,846
UND Medical Center			
Total all funds	\$52,762,590	\$19,511,649	\$72,274,239
Less estimated income	0	0	0
General fund	\$52,762,590	\$19,511,649	\$72,274,239
North Dakota State University			
Total all funds	\$143,073,784	\$9,404,599	\$152,478,383
Less estimated income	0	0	0
General fund	\$143,073,784	\$9,404,599	\$152,478,383
State College of Science			
Total all funds	\$39,193,835	\$2,774,644	\$41,968,479
Less estimated income	0	0	0
General fund	\$39,193,835	\$2,774,644	\$41,968,479
Dickinson State University			
Total all funds	\$26,708,305	(\$1,505,523)	\$25,202,782
Less estimated income	0	0	0
General fund	\$26,708,305	(\$1,505,523)	\$25,202,782
Mayville State University			
Total all funds	\$14,723,416	\$492,947	\$15,216,363
Less estimated income	0	0	0
General fund	\$14,723,416	\$492,947	\$15,216,363
Minot State University			
Total all funds	\$44,709,831	\$2,080,914	\$46,790,745
Less estimated income	0	0	0
General fund	\$44,709,831	\$2,080,914	\$46,790,745
Valley City State University			
Total all funds	\$21,099,454	\$1,050,323	\$22,149,777
Less estimated income	0	0	0
General fund	\$21,099,454	\$1,050,323	\$22,149,777
Dakota College at Bottineau			
Total all funds	\$8,006,050	(\$104,371)	\$7,901,679
Less estimated income	0	0	0
General fund	\$8,006,050	(\$104,371)	\$7,901,679
Forest Service			

Total all funds	\$6,351,189	\$282,020	\$6,633,209
Less estimated income	1,650,000	0	1,650,000
General fund	\$4,701,189	\$282,020	\$4,983,209
Bill total			
Total all funds	\$683,221,758	\$142,325,595	\$825,547,353
Less estimated income	3,949,912	(288,696)	3,661,216
General fund	\$679,271,846	\$142,614,291	\$821,886,137

House Bill No. 1003 - State Auditor - House Action

	Base Budget	House Changes	House Version
Higher education audit		\$1,221,914	\$1,221,914
Total all funds	\$0	\$1,221,914	\$1,221,914
Less estimated income	0	0	0
General fund	\$0	\$1,221,914	\$1,221,914
FTE	0.00	6.00	6.00

Department No. 117 - State Auditor - Detail of House Changes

	Adds Higher Education Audit Positions ¹	Total House Changes
Higher education audit	\$1,221,914	\$1,221,914
Total all funds	\$1,221,914	\$1,221,914
Less estimated income	0	0
General fund	\$1,221,914	\$1,221,914
FTE	6.00	6.00

¹ Funding of \$1,221,914 and 6 full-time equivalent (FTE) positions are added to the State Auditor's office to conduct audits of the North Dakota University System. The new positions are to be filled based on a competitive hiring process. A section is also added to provide statutory provisions regarding the higher education audit duties and functions.

House Bill No. 1003 - Attorney General - House Action

	Base Budget	House Changes	House Version
Higher education legal services		\$1,604,500	\$1,604,500
Total all funds	\$0	\$1,604,500	\$1,604,500
Less estimated income	0	0	0
General fund	\$0	\$1,604,500	\$1,604,500
FTE	0.00	6.00	6.00

Department No. 125 - Attorney General - Detail of House Changes

	Adds Higher Education Legal Positions ¹	Total House Changes
Higher education legal services	\$1,604,500	\$1,604,500
Total all funds	\$1,604,500	\$1,604,500
Less estimated income	0	0
General fund	\$1,604,500	\$1,604,500
FTE	6.00	6.00

¹ Funding of \$1,604,500 and 6 FTE positions are added for the Attorney General's office to provide legal services to the University System. The new positions are to be filled based on a competitive hiring process. A section is also added to provide statutory changes regarding the employment of attorneys by the State Board of Higher Education.

House Bill No. 1003 - North Dakota University System - General Fund Summary

	Base Budget	House Changes	House Version
University System Office	111,561,723	28,739,478	140,301,201
Bismarck State College	33,071,327	4,915,679	37,987,006
Lake Region State College	12,584,464	2,689,628	15,274,092
Williston State College	12,981,307	(448,385)	12,532,922
University of North Dakota	154,094,571	69,904,275	223,998,846
UND Medical Center	52,762,590	19,511,649	72,274,239
North Dakota State University	143,073,784	9,404,599	152,478,383
State College of Science	39,193,835	2,774,644	41,968,479
Dickinson State University	26,708,305	(1,505,523)	25,202,782
Mayville State University	14,723,416	492,947	15,216,363
Minot State University	44,709,831	2,080,914	46,790,745
Valley City State University	21,099,454	1,050,323	22,149,777
Dakota College at Bottineau	8,006,050	(104,371)	7,901,679
Forest Service	4,701,189	282,020	4,983,209
Total general fund	\$679,271,846	\$139,787,877	\$819,059,723

Detail of House changes to the General Fund

	Adds Funding for Salary and Benefit Increases and Adjusts FTE Positions ¹	Adjusts Funding for the University System Office ²	Adds Funding for Core Technology Services Initiatives ³	Increases Funding for Student Financial Assistance Programs ⁴	Removes Internal Audit and Legal Positions ⁵	Adds Campus Deferred Maintenance and Security Funding Pools ⁶
University System Office	\$2,095,253	(\$4,423,729)	\$5,799,800	\$9,386,250	(\$3,330,104)	\$8,000,000
Bismarck State College						
Lake Region State College						
Williston State College						
University of North Dakota						
UND Medical Center						
North Dakota State University						
State College of Science						
Dickinson State University						
Mayville State University						
Minot State University						
Valley City State University						
Dakota College at Bottineau						
Forest Service	326,982					
Total general fund	\$2,422,235	(\$4,423,729)	\$5,799,800	\$9,386,250	(\$3,330,104)	\$8,000,000

	Adds Contingent Appropriation for Unified Workforce Education ⁷	Removes Campus Assessments and Consolidates Services ⁸	Transfers Funding to Extraordinary Repairs Funding Pool ⁹	Provides Funding Formula and Base Level Adjustments ¹⁰	Adds Funding for UND School of Medicine and Health Sciences Initiatives ¹¹	Adds Funding for Capital Projects and Special Assessments ¹²
University System Office	\$50,000		\$11,162,008			
Bismarck State College		(39,822)	(417,673)	4,015,574		1,357,600
Lake Region State College		(12,086)	(155,367)	2,857,081		
Williston State College		(16,476)	(197,801)	(519,108)		285,000
University of North Dakota		(489,539)	(4,411,566)	12,563,795		62,241,585
UND Medical Center					19,511,649	
North Dakota State University		(265,418)	(2,732,244)	10,810,835		1,591,426
State College of Science		(38,329)	(1,012,379)	3,550,254		275,098
Dickinson State University		(27,603)	(409,078)	(1,068,842)		
Mayville State University		(19,864)	(358,992)	643,518		228,285
Minot State University		(54,831)	(899,620)	3,035,365		
Valley City State University		(50,616)	(408,319)	1,266,020		243,238

Dakota College at Bottineau Forest Service		(8,368)	(114,007) (44,962)	(10,453)		28,457
Total general fund	\$50,000	(\$1,022,952)	\$0	\$37,144,039	\$19,511,649	\$66,250,689

	Total General Fund Changes
University System Office	\$28,739,478
Bismarck State College	4,915,679
Lake Region State College	2,689,628
Williston State College	(448,385)
University of North Dakota	69,904,275
UND Medical Center	19,511,649
North Dakota State University	9,404,599
State College of Science	2,774,644
Dickinson State University	(1,505,523)
Mayville State University	492,947
Minot State University	2,080,914
Valley City State University	1,050,323
Dakota College at Bottineau Forest Service	(104,371) 282,020
Total general fund	\$139,787,877

House Bill No. 1003 - North Dakota University System - Other Funds Summary

	Base Budget	House Changes	House Version
University System Office	2,299,912	(288,696)	2,011,216
Bismarck State College			
Lake Region State College			
Williston State College			
University of North Dakota			
UND Medical Center			
North Dakota State University			
State College of Science			
Dickinson State University			
Mayville State University			
Minot State University			
Valley City State University			
Dakota College at Bottineau Forest Service	1,650,000		1,650,000
Total other funds	\$3,949,912	(\$288,696)	\$3,661,216

Detail of House changes to Other Funds

	Adds Funding for Salary and Benefit Increases and Adjusts FTE Positions ¹	Adjusts Funding for the University System Office ²	Adds Funding for Core Technology Services Initiatives ³	Increases Funding for Student Financial Assistance Programs ⁴	Removes Internal Audit and Legal Positions ⁵	Adds Campus Deferred Maintenance and Security Funding Pools ⁶
University System Office		(288,696)				
Bismarck State College						
Lake Region State College						
Williston State College						
University of North Dakota						
UND Medical Center						
North Dakota State University						
State College of Science						
Dickinson State University						
Mayville State University						
Minot State University						
Valley City State University						
Dakota College at Bottineau Forest Service						
Total other funds	\$0	(\$288,696)	\$0	\$0	\$0	\$0
	Adds	Removes	Transfers	Provides	Adds Funding	Adds Funding

	Contingent Appropriation for Unified Workforce Education ⁷	Campus Assessments and Consolidates Services ⁸	Funding to Extraordinary Repairs Funding Pool ⁹	Funding Formula and Base Level Adjustments ¹⁰	for UND School of Medicine and Health Sciences Initiatives ¹¹	for Capital Projects and Special Assessments ¹²
University System Office						
Bismarck State College						
Lake Region State College						
Williston State College						
University of North Dakota						
UND Medical Center						
North Dakota State University						
State College of Science						
Dickinson State University						
Mayville State University						
Minot State University						
Valley City State University						
Dakota College at Bottineau						
Forest Service						
Total other funds	\$0	\$0	\$0	\$0	\$0	\$0

	Total Other Funds Changes
University System Office	(\$288,696)
Bismarck State College	
Lake Region State College	
Williston State College	
University of North Dakota	
UND Medical Center	
North Dakota State University	
State College of Science	
Dickinson State University	
Mayville State University	
Minot State University	
Valley City State University	
Dakota College at Bottineau	
Forest Service	
Total other funds	(\$288,696)

House Bill No. 1003 - North Dakota University System - All Funds Summary

	Base Budget	House Changes	House Version
University System Office	113,861,635	28,450,782	142,312,417
Bismarck State College	33,071,327	4,915,679	37,987,006
Lake Region State College	12,584,464	2,689,628	15,274,092
Williston State College	12,981,307	(448,385)	12,532,922
University of North Dakota	154,094,571	69,904,275	223,998,846
UND Medical Center	52,762,590	19,511,649	72,274,239
North Dakota State University	143,073,784	9,404,599	152,478,383
State College of Science	39,193,835	2,774,644	41,968,479
Dickinson State University	26,708,305	(1,505,523)	25,202,782
Mayville State University	14,723,416	492,947	15,216,363
Minot State University	44,709,831	2,080,914	46,790,745
Valley City State University	21,099,454	1,050,323	22,149,777
Dakota College at Bottineau	8,006,050	(104,371)	7,901,679
Forest Service	6,351,189	282,020	6,633,209
Total all funds	\$683,221,758	\$139,499,181	\$822,720,939
FTE	2304.74	117.61	2422.35

Detail of House changes to All Funds

Adds Funding for Salary and Benefit Increases and	Adjusts Funding for the University System Office ²	Adds Funding for Core Technology Services	Increases Funding for Student Financial	Removes Internal Audit and Legal Positions ⁵	Adds Campus Deferred Maintenance and Security
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	Adjusts FTE Positions ¹		Initiatives ³	Assistance Programs ⁴		Funding Pools ⁶
University System Office	\$2,095,253	(\$4,712,425)	\$5,799,800	\$9,386,250	(\$3,330,104)	\$8,000,000
Bismarck State College						
Lake Region State College						
Williston State College						
University of North Dakota						
UND Medical Center						
North Dakota State University						
State College of Science						
Dickinson State University						
Mayville State University						
Minot State University						
Valley City State University						
Dakota College at Bottineau						
Forest Service						
	326,982					

Total all funds	\$2,422,235	(\$4,712,425)	\$5,799,800	\$9,386,250	(\$3,330,104)	\$8,000,000
FTE	113.21	(1.00)	0.00	0.00	(15.60)	0.00

	Adds Contingent Appropriation for Unified Workforce Education ⁷	Removes Campus Assessments and Consolidates Services ⁸	Transfers Funding to Extraordinary Repairs Funding Pool ⁹	Provides Funding Formula and Base Level Adjustments ¹⁰	Adds Funding for UND School of Medicine and Health Sciences Initiatives ¹¹	Adds Funding for Capital Projects and Special Assessments ¹²
University System Office	\$50,000		\$11,162,008			
Bismarck State College		(39,822)	(417,673)	4,015,574		1,357,600
Lake Region State College		(12,086)	(155,367)	2,857,081		
Williston State College		(16,476)	(197,801)	(519,108)		285,000
University of North Dakota		(489,539)	(4,411,566)	12,563,795		62,241,585
UND Medical Center					19,511,649	
North Dakota State University		(265,418)	(2,732,244)	10,810,835		1,591,426
State College of Science		(38,329)	(1,012,379)	3,550,254		275,098
Dickinson State University		(27,603)	(409,078)	(1,068,842)		
Mayville State University		(19,864)	(358,992)	643,518		228,285
Minot State University		(54,831)	(899,620)	3,035,365		
Valley City State University		(50,616)	(408,319)	1,266,020		243,238
Dakota College at Bottineau		(8,368)	(114,007)	(10,453)		28,457
Forest Service			(44,962)			
Total all funds	\$50,000	(\$1,022,952)	\$0	\$37,144,039	\$19,511,649	\$66,250,689
FTE	0.00	0.00	0.00	0.00	21.00	0.00

	Total All Funds Changes
University System Office	\$28,450,782
Bismarck State College	4,915,679
Lake Region State College	2,689,628
Williston State College	(448,385)
University of North Dakota	69,904,275
UND Medical Center	19,511,649
North Dakota State University	9,404,599
State College of Science	2,774,644
Dickinson State University	(1,505,523)
Mayville State University	492,947
Minot State University	2,080,914
Valley City State University	1,050,323
Dakota College at Bottineau	(104,371)
Forest Service	282,020
Total all funds	\$139,499,181
FTE	117.61

¹ Funding is added for the following general fund salary and benefit adjustments for the University System office, Core Technology Services, and Forest Service:

	University System Office	Core Technology Services	Forest Service	Total
Cost-to-continue 2013-15 biennium salary and benefit adjustments	\$74,151	\$273,490	\$48,974	\$396,615
Three percent annual salary adjustments for the 2015-17 biennium	287,795	901,517	161,434	1,350,746
Health insurance premium increases	142,127	416,173	116,574	674,874
Total	\$504,073	\$1,591,180	\$326,982	\$2,422,235

The number of 2013-15 biennium authorized FTE positions is adjusted for institutions and entities under the control of the State Board of Higher Education by adding 113.21 FTE positions pursuant to Section 36 of 2013 Senate Bill No. 2003 which authorizes the board to adjust FTE positions as needed subject to the availability of funds.

² Funding for the University System office is adjusted as follows:

- General fund appropriations for capital bond payments are reduced by \$2,067,209 to reflect lower estimated bond payments.
- Federal funding of \$288,696 and 1 FTE position is transferred to the Department of Veterans' Affairs for the State Approving Agency.
- General fund appropriations for University System governance and operations are reduced by \$2 million.
- General fund appropriations for tribal college assistance grants are reduced from the base level of \$1 million to \$500,000.
- Funding from the general fund for student mental health services is increased by \$33,480.
- One-time funding from the general fund of \$110,000 is added for open educational resources training.

³ Funding from the general fund is added for the following Core Technology Services initiatives:

Initiative	Ongoing Funding	One-Time Funding	Total
Information technology security	\$152,900	\$1,350,000	\$1,502,900
Centralized document imaging	915,400	270,000	1,185,400
Predictive analytics reporting and other student success initiatives	1,910,000	181,500	2,091,500
Identity management system		1,020,000	1,020,000
Total	\$2,978,300	\$2,821,500	\$5,799,800

⁴ Funding is added for student financial assistance programs to:

- Increase the maximum student financial assistance grant award (needs-based aid) amount from \$1,650 per year to \$1,950 per year.
- Increase the academic and career and technical education scholarship award (merit-based aid) amount from \$1,500 per year to \$1,950 per year with a lifetime maximum of \$7,800.

Section 6 of the bill is amended to provide the statutory adjustments needed to increase the academic and career and technical education scholarship award amount. Sections are also added to repeal North Dakota Century Code Chapter 15-62.2 which relates to the student financial assistance grant program and the scholars program and to add two new chapters regarding the programs. The new chapters provide the statutory adjustments needed to increase the student financial assistance grant award amount and to provide clarification regarding residency requirements for the programs and the ability to distribute awards on a semester or quarterly basis.

⁵ University System internal audit legal functions are removed as follows:

- General fund base funding of \$771,964 and 7 FTE internal audit positions are removed.
- General fund base funding of \$2,558,140 and 8.6 FTE legal positions are removed.

⁶ Funding is added for the following pools to be transferred by the State Board of Higher Education to institutions and entities under its control:

- A \$5 million deferred maintenance funding pool is added and is to be distributed to institutions

based on campus master plan and space utilization studies.

- A \$3 million campus security pool is added and is to be distributed to institutions based on campus security and risk assessments.

Section 8 of the bill is amended to provide transfer authority for the funding pools.

⁷ A contingent appropriation of \$50,000 is added from the general fund for a unified system of workforce, vocational, and technical education. The appropriation is contingent upon the State Board of Higher Education certifying to the Office of Management and Budget that a unified system of workforce, vocational, and technical education has been established. The board is to provide reports to the Legislative Management regarding the status of establishing the unified system.

⁸ Funding is removed for the following campus assessments and consolidated services:

- Funding of \$431,627 previously used by campuses to pay internal audit assessments is removed.
- Funding of \$224,500 is removed from campus budgets for predictive analytics and student success programs.
- Funding of \$366,825 is removed from campus budgets for document imaging.

Funding for document imaging and predictive analytics and student success services is added to the University System office budget to provide consolidated systemwide services. Please see the "Adds Funding for Core Technology Services Initiatives" footnote for additional information.

⁹ Base funding for extraordinary repairs is transferred from campuses and the Forest Service to the University System office for an extraordinary repairs funding pool. Funds in the pool are to be distributed to campuses and the Forest Service based on campus master plan and space utilization studies and identified needs of the Forest Service.

¹⁰ The following funding adjustments are made based on the higher education funding formula and other adjustments:

	<u>General Fund</u>
Bismarck State College	\$4,015,574
Dakota College at Bottineau	(10,453)
Lake Region State College	2,857,081
North Dakota State College of Science	3,550,254
Williston State College	(519,108)
Dickinson State University	(1,068,842)
Mayville State University	643,518
Minot State University	3,035,365
Valley City State University	1,266,020
North Dakota State University	10,810,835
University of North Dakota	<u>12,563,795</u>
Total	\$37,144,039

The funding formula adjustments are based on 2011-13 biennium completed student credit hours. Sections are also added to the bill to provide for statutory adjustments to the funding formula remedial education factor rate, credit completion factor rates, and institutional size factor rates.

The adjustments include the removal of \$2.5 million of base funding provided to Minot State University during the 2013-15 biennium for flood recovery needs.

¹¹ Funding is added for the following University of North Dakota School of Medicine and Health Sciences initiatives:

	<u>General Fund</u>
RuralMed program	\$996,843
Health care workforce initiative (includes the addition of 21 FTE positions)	13,814,806
Residency positions	<u>4,700,000</u>

The funding for the health care workforce initiative and residency positions is considered one-time funding.

¹² Funding from the general fund is added for Phase II of the University of North Dakota School of Medicine and Health Sciences facility project (\$62 million) and for special assessments payments at campuses (\$4,250,689).

House Bill No. 1003 - Other Changes - House Action

This amendment also:

- Amends Section 15-10-12.1 regarding legislative approval for campus building and maintenance projects.
- Amends Section 15-10-17 regarding the authority to set tuition and fees at institutions of higher education.
- Adds a new section to Chapter 15-10 to require capital projects to conform to University System master plan and space utilization studies and requires future capital project budget requests for new buildings over \$5 million to include a 3 percent funding request for future building maintenance costs.
- Adds a new section to Chapter 15-10 relating to consolidated use of electronic mail, file server administration, database administration, application server, and hosting services by higher education institutions.
- Adds a new section to Chapter 15-10 to exempt computer audit risk assessment results from open records requirements.
- Adds two new sections to Chapter 15-10 to create a unified workforce, vocational, and technical education program system and to create a workforce education advisory council.
- Amends Sections 54-44.1-04 and 54-44.1-06 to require budget requests of institutions and entities under the control of the State Board of Higher Education to include the same detailed information as budget requests of other state agencies.
- Amends Section 16 of the bill to cancel the appropriation authority provided for a 2013-15 biennium higher education performance funding pool.
- Cancels \$550,000 of 2013-15 biennium general fund appropriation for the University of North Dakota Bismarck Family Practice Center skywalk project and requires the remaining funding of \$200,000 to be provided as a grant for the development of civics curriculum.
- Requires University System institutions to reimburse the Department of Transportation for costs associated with previous use of State Fleet Services motor coaches.
- Requires comprehensive performance evaluations of the chancellor, vice-chancellors, institution presidents, and institution vice-presidents if the individuals have been employed in those positions for at least three years.
- Requires the State Board of Higher Education to address identified data inconsistency issues and report to the 65th Legislative Assembly regarding the status of the inconsistencies.
- Requires the State Board of Higher Education to provide a report to the appropriations committees of the 65th Legislative Assembly regarding the use of funds received by each campus from permanent constitutional fund income distributions.
- Requires Williston State College to provide a report to the appropriations committees of the 65th Legislative Assembly regarding the use of extraordinary campus needs funding.
- Provides for a Legislative Management study of higher education course delivery methods.
- Provides for a Legislative Management study of the missions of institutions under the control of the State Board of Higher Education.