State of
North Dakota
*Office of the Governor*

Jack Dalrymple
*Governor*

May 12, 2015

The Honorable Wesley Belter
Speaker of the House
House Chambers
State Capitol
Bismarck, ND 58505

Dear Speaker Belter:

Pursuant to Article V, Section 9 of the North Dakota Constitution, I have vetoed section 7 of House Bill 1003.

The language in this section places undue restrictions on the authority of the State Board of Higher Education in fulfilling their constitutional duty to hire a new Chancellor of Higher Education, as well as other key personnel. It prohibits consideration of any negotiated severance package and deletes an existing portion of the Century Code that provides for fixing terms of officers, which strongly implies that any multi-year contract will not be allowable. This conflicts with Article VIII, Section 6(7)(a) of the North Dakota Constitution, which provides that the State Board of Education "shall…appoint for a term of not to exceed three years, a state commissioner of higher education." This is clear permissive language for multiyear contracts. The enactment of these new restrictions would likely discourage well qualified applicants from applying for key positions.

A separate issue arises with the words "at will," which would negate the employee classification system utilized by the State Board of Higher Education.

For these reasons, I have vetoed section 7 of House Bill 1003.

Sincerely,
Jack Dalrymple
Jack Dalrymple
Governor

Received by: _____ Date: 5/14/15 Time: 2:13 p.m.

Received by Alvin A. Jaeger 5/14/15 2:18 p.m.
Secretary of State

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# Sixty-fourth Legislative Assembly of North Dakota
# In Regular Session Commencing Tuesday, January 6, 2015

HOUSE BILL NO. 1003
(Appropriations Committee)
(At the request of the Governor)

AN ACT to provide an appropriation for defraying the expenses of the North Dakota university system; to create and enact five new sections to chapter 15-10, chapters 15-62.4 and 15-62.5, and a new subsection to a new section to chapter 54-10 as created in section 5 of Senate Bill No. 2004, as approved by the sixty-fourth legislative assembly, 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, audits of higher education computer systems, annual reports regarding scholarships, the student financial assistance program, the scholars program, and higher education audits; to amend and reenact subdivision c of subsection 1 of section 15-10-17, sections 15-18.2-02, 15-18.2-03, 15-18.2-04, 15-18.2-05, 54-12-08, and 54-44.1-04, subsection 4 of section 54-44.1-06, and section 54-44.1-11 of the North Dakota Century Code, relating to university system office personnel, state aid to institutions, attorneys hired by the state board of higher education, budget requests submitted to the office of the budget, preparation of budget data, and the cancellation of unexpended appropriations; to repeal chapter 15-62.2 of the North Dakota Century Code, relating to the student financial assistance program and the scholars program; to provide for the transfer of funds; to authorize the state board of higher education to issue and sell bonds for capital projects; to limit tuition rate increases; to reauthorize projects for North Dakota state university and Minot state university; 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 attorney general; to provide contingent appropriations to the state board of higher education; to provide exemptions; to provide legislative intent; 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, 2015, and ending June 30, 2017, as follows:

Subdivision 1.

NORTH DAKOTA UNIVERSITY SYSTEM OFFICE

| | Base Level | Adjustments or Enhancements | Appropriation |
|---|---|---|---|
| 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 | (5,139,509) | 7,526,993 |
| Title II | 1,006,472 | 0 | 1,006,472 |
| Core technology services | 38,662,551 | 7,318,414 | 45,980,965 |
| 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 | 4,054,677 | 14,054,677 |

| | | | |
|---|---|---|---|
| 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 | 0 | 1,000,000 |
| 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 | 8,700,000 | 8,700,000 |
| Campus security pool | 0 | 3,000,000 | 3,000,000 |
| Open education resources training | 0 | 110,000 | 110,000 |
| Internal audit pool | 0 | 300,000 | 300,000 |
| Total all funds | $113,861,635 | $20,698,450 | $134,560,085 |
| Less estimated income | 2,299,912 | 211,304 | 2,511,216 |
| Total general fund | $111,561,723 | $20,487,146 | $132,048,869 |
| Full-time equivalent positions | 112.91 | (8.52) | 104.39 |

Subdivision 2.

BISMARCK STATE COLLEGE

| | Base Level | Adjustments or Enhancements | Appropriation |
|---|---|---|---|
| Operations | $32,653,654 | $3,509,499 | $36,163,153 |
| Capital assets | 417,673 | 2,175,000 | 2,592,673 |
| Total all funds | $33,071,327 | $5,684,499 | $38,755,826 |
| Less estimated income | 0 | 600,000 | 600,000 |
| Total general fund | $33,071,327 | $5,084,499 | $38,155,826 |
| Full-time equivalent positions | 126.96 | 6.57 | 133.53 |

Subdivision 3.

LAKE REGION STATE COLLEGE

| | Base Level | Adjustments or Enhancements | Appropriation |
|---|---|---|---|
| Operations | $12,429,097 | $2,403,092 | $14,832,189 |
| Capital assets | 155,367 | 1,648,423 | 1,803,790 |
| Total all funds | $12,584,464 | $4,051,515 | $16,635,979 |
| Less estimated income | 0 | 0 | 0 |
| Total general fund | $12,584,464 | $4,051,515 | $16,635,979 |
| Full-time equivalent positions | 40.22 | 9.97 | 50.19 |

Subdivision 4.

WILLISTON STATE COLLEGE

| | Base Level | Adjustments or Enhancements | Appropriation |
|---|---|---|---|
| Operations | $12,783,506 | ($233,042) | $12,550,464 |
| Capital assets | 197,801 | 0 | 197,801 |
| Total all funds | $12,981,307 | ($233,042) | $12,748,265 |
| Less estimated income | 0 | 0 | 0 |
| Total general fund | $12,981,307 | ($233,042) | $12,748,265 |
| Full-time equivalent positions | 44.15 | 5.81 | 49.96 |

Subdivision 5.

UNIVERSITY OF NORTH DAKOTA

| | Base Level | Adjustments or Enhancements | Appropriation |
|---|---|---|---|
| Operations | $149,683,005 | $17,591,333 | $167,274,338 |
| Capital assets | 4,411,566 | 74,760,000 | 79,171,566 |
| Total all funds | $154,094,571 | $92,351,333 | $246,445,904 |
| Less estimated income | 0 | 6,000,000 | 6,000,000 |
| Total general fund | $154,094,571 | $86,351,333 | $240,445,904 |
| Full-time equivalent positions | 633.60 | (3.40) | 630.20 |

Subdivision 6.

NORTH DAKOTA STATE UNIVERSITY

| | Base Level | Adjustments or Enhancements | Appropriation |
|---|---|---|---|
| Operations | $140,341,540 | $14,336,756 | $154,678,296 |
| Capital assets | 2,732,244 | 11,600,000 | 14,332,244 |
| Total all funds | $143,073,784 | $25,936,756 | $169,010,540 |
| Less estimated income | 0 | 11,600,000 | 11,600,000 |
| Total general fund | $143,073,784 | $14,336,756 | $157,410,540 |
| Full-time equivalent positions | 491.21 | 45.89 | 537.10 |

Subdivision 7.

NORTH DAKOTA STATE COLLEGE OF SCIENCE

| | Base Level | Adjustments or Enhancements | Appropriation |
|---|---|---|---|
| Operations | $38,181,456 | $5,537,929 | $43,719,385 |
| Capital assets | 1,012,379 | 13,298,000 | 14,310,379 |
| Total all funds | $39,193,835 | $18,835,929 | $58,029,764 |
| Less estimated income | 0 | 0 | 0 |
| Total general fund | $39,193,835 | $18,835,929 | $58,029,764 |
| Full-time equivalent positions | 171.87 | (3.57) | 168.30 |

Subdivision 8.

DICKINSON STATE UNIVERSITY

| | Base Level | Adjustments or Enhancements | Appropriation |
|---|---|---|---|
| Operations | $26,299,227 | $2,307,626 | $28,606,853 |
| Capital assets | 409,078 | 0 | 409,078 |
| Total all funds | $26,708,305 | $2,307,626 | $29,015,931 |
| Less estimated income | 0 | 2,000,000 | 2,000,000 |
| Total general fund | $26,708,305 | $307,626 | $27,015,931 |
| Full-time equivalent positions | 100.32 | 19.94 | 120.26 |

Subdivision 9.

MAYVILLE STATE UNIVERSITY

| | Base Level | Adjustments or Enhancements | Appropriation |
|---|---|---|---|
| Operations | $14,364,424 | $2,015,729 | $16,380,153 |
| Capital assets | 358,992 | 0 | 358,992 |
| Total all funds | $14,723,416 | $2,015,729 | $16,739,145 |
| Less estimated income | 0 | 0 | 0 |

| | | | |
|---|---|---|---|
| Total general fund | $14,723,416 | $2,015,729 | $16,739,145 |
| Full-time equivalent positions | 62.78 | 3.45 | 66.23 |

Subdivision 10.

MINOT STATE UNIVERSITY

| | Base Level | Adjustments or Enhancements | Appropriation |
|---|---|---|---|
| Operations | $43,810,211 | $4,048,350 | $47,858,561 |
| Capital assets | 899,620 | 0 | 899,620 |
| Total all funds | $44,709,831 | $4,048,350 | $48,758,181 |
| Less estimated income | 0 | 0 | 0 |
| Total general fund | $44,709,831 | $4,048,350 | $48,758,181 |
| Full-time equivalent positions | 201.76 | 2.34 | 204.10 |

Subdivision 11.

VALLEY CITY STATE UNIVERSITY

| | Base Level | Adjustments or Enhancements | Appropriation |
|---|---|---|---|
| Operations | $20,691,135 | $4,370,214 | $25,061,349 |
| Capital assets | 408,319 | 30,289,000 | 30,697,319 |
| Total all funds | $21,099,454 | $34,659,214 | $55,758,668 |
| Less estimated income | 0 | 16,000,000 | 16,000,000 |
| Total general fund | $21,099,454 | $18,659,214 | $39,758,668 |
| Full-time equivalent positions | 97.29 | 8.30 | 105.59 |

Subdivision 12.

DAKOTA COLLEGE AT BOTTINEAU

| | Base Level | Adjustments or Enhancements | Appropriation |
|---|---|---|---|
| Operations | $7,892,043 | $697,566 | $8,589,609 |
| Capital assets | 114,007 | 11,746,983 | 11,860,990 |
| Total all funds | $8,006,050 | $12,444,549 | $20,450,599 |
| Less estimated income | 0 | 10,648,194 | 10,648,194 |
| Total general fund | $8,006,050 | $1,796,355 | $9,802,405 |
| Full-time equivalent positions | 36.12 | 10.84 | 46.96 |

Subdivision 13.

UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH SCIENCES

| | Base Level | Adjustments or Enhancements | Appropriation |
|---|---|---|---|
| Operations | $52,762,590 | $18,674,806 | $71,437,396 |
| Total all funds | $52,762,590 | $18,674,806 | $71,437,396 |
| Less estimated income | 0 | 0 | 0 |
| Total general fund | $52,762,590 | $18,674,806 | $71,437,396 |
| Full-time equivalent positions | 156.55 | 28.03 | 184.58 |

Subdivision 14.

NORTH DAKOTA FOREST SERVICE

| | Base Level | Adjustments or Enhancements | Appropriation |
|---|---|---|---|
| Operations | $6,249,979 | $306,655 | $6,556,634 |
| Capital assets | 101,210 | 0 | 101,210 |
| Total all funds | $6,351,189 | $306,655 | $6,657,844 |
| Less estimated income | 1,650,000 | 0 | 1,650,000 |
| Total general fund | $4,701,189 | $306,655 | $5,007,844 |
| Full-time equivalent positions | 29.00 | (0.04) | 28.96 |

Subdivision 15.

BILL TOTAL

| | Base Level | Adjustments or Enhancements | Appropriation |
|---|---|---|---|
| Grand total general fund | $679,271,846 | $196,909,865 | $876,181,711 |
| Grand total special funds | 3,949,912 | 47,059,498 | 51,009,410 |
| Grand total all funds | $683,221,758 | $243,969,363 | $927,191,121 |

**SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-FIFTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding items approved by the sixty-third legislative assembly for the 2013-15 biennium and the 2015-17 one-time funding items included in the appropriation in section 1 of this Act:

| One-Time Funding Description | 2013-15 | 2015-17 |
|---|---|---|
| Capital projects - general fund | $155,691,350 | $99,909,212 |
| Capital projects - other funds | 168,531,029 | 44,848,194 |
| Capital projects contingency pool | 5,483,413 | 0 |
| Campus security pool | 0 | 3,000,000 |
| CTS technology projects | 0 | 2,821,500 |
| Open education resource training | 0 | 110,000 |
| Theodore Roosevelt center | 6,000,000 | 800,000 |
| Williston state college energy development impact | 0 | 2,500,000 |
| Dickinson state university leadership transition | 0 | 2,000,000 |
| Museum of art deferred maintenance | 0 | 760,000 |
| Williston state college workforce training facility | 2,500,000 | 0 |
| Campus deferred maintenance projects | 440,000 | 0 |
| Performance funding pool | 5,000,000 | 0 |
| Dickinson state university operating funds | 800,000 | 0 |
| Minot state university flood recovery funds | 2,500,000 | 0 |
| Dakota college at Bottineau - campus software updates | 28,500 | 0 |
| Deferred maintenance pool | 10,000,000 | 8,700,000 |
| Education challenge fund | 29,000,000 | 0 |
| School of medicine and health sciences residency positions | 0 | 4,700,000 |
| Health care workforce initiative | 7,414,806 | 13,814,806 |
| Master plan and space utilization study | 1,000,000 | 0 |
| Total all funds | $394,389,098 | $183,963,712 |
| Total other funds | 171,031,029 | 46,848,194 |
| Total general fund | $223,358,069 | $137,115,518 |

The 2015-17 one-time funding amounts are not a part of the entity's base budget for the 2017-19 biennium. The North Dakota university system shall report to the appropriations committees of the sixty-fifth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2015, and ending June 30, 2017.

**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. CONTINGENT APPROPRIATION - BUDGET SECTION APPROVAL.** Subject to budget section approval as provided in this section, there is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $1,000,000, or so much of the sum as may be necessary, to the state board of higher education for the purpose of reorganizing the office of the commissioner of higher education, for the biennium beginning July 1, 2015, and ending June 30, 2017. The funds provided under this section are available only if the state board of higher education submits to the budget section for approval a plan to reorganize the office of the commissioner of higher education. The plan must detail the proposed organizational structure of the office, priorities of the office, and process changes to increase office and systemwide efficiencies. The budget section may approve the entire appropriation provided under this section, or a portion of the appropriation, for the board of higher education to use for the purposes identified in this section. The funding provided in this section is considered a one-time funding item.

**SECTION 5. CONTINGENT GENERAL FUND APPROPRIATIONS - STATE BOARD OF HIGHER EDUCATION - CAPITAL PROJECTS - BUDGET SECTION APPROVAL.**

1. Subject to the provisions of this section, there is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $25,850,000, or so much of the sum as may be necessary, to the state board of higher education for the Valley City state university fine arts building project, including the demolition of two existing buildings, for the biennium beginning July 1, 2015, and ending June 30, 2017.

2. Subject to the provisions of this section, there is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $46,000,000, or so much of the sum as may be necessary, to the state board of higher education for the North Dakota state university Dunbar Hall project, for the biennium beginning July 1, 2015, and ending June 30, 2017.

3. a. The appropriation in subsection 1 of this section is available only if the director of the office of management and budget determines actual general fund revenues for the period beginning July 1, 2015, and ending December 31, 2015, exceed the legislative estimates made at the close of the 2015 legislative session for general fund revenues during the same period by at least $126,000,000, or if the director of the office of management and budget determines actual general fund revenues for the period beginning July 1, 2015, and ending June 30, 2016, exceed the legislative estimates made at the close of the 2015 legislative session for general fund revenues during the same period by at least $126,000,000.

   b. The appropriation in subsection 2 of this section is available only if the director of the office of management and budget determines actual general fund revenues for the period beginning July 1, 2015, and ending December 31, 2016, exceed the legislative estimates made at the close of the 2015 legislative session for general fund revenues during the same period by at least $200,000,000. Additionally, the appropriation in subsection 2 is available only if the state board of higher education certifies to the budget section that the Dunbar Hall project conforms to the university system campus master plan and space utilization study and the board receives budget section approval to proceed with the project.

   c. For purposes of this subsection, "estimated general fund revenues" excludes the unobligated general fund balance on July 1, 2015, and transfers to the general fund from

the strategic investment and improvements fund, property tax relief fund or tax relief fund, the lottery, the mill and elevator, and gas tax administration.

**SECTION 6. APPROPRIATION - ATTORNEY GENERAL.** The funds provided in this section, or so much of the funds as may be necessary, are appropriated from the general fund in the state treasury, not otherwise appropriated, to the attorney general for the following purposes:

| | |
|---|---|
| Intellectual property attorney | $436,994 |
| Continuation of contracted higher education legal services | 700,000 |
| Total general fund | $1,136,994 |

The attorney general is authorized one intellectual property attorney full-time equivalent position. The attorney general may not spend any funds designated for the intellectual property attorney position for purposes other than the salaries and wages and operating expenses of the intellectual property attorney. The funding designated for contracted higher education legal services is considered a one-time funding item.

**SECTION 7. AMENDMENT.** Subdivision c of subsection 1 of section 15-10-17 of the North Dakota Century Code is amended and reenacted as follows:

c. Appoint and remove, at will, all university system office personnel, fix their salaries within the limits of legislative appropriations, ~~fix their terms of office,~~ and prescribe their duties. The board may provide severance pay to an employee upon termination of employment only in accordance with section 54-14-04.3.

**SECTION 8.** 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, research computing, 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 9.** 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 10.** 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 11.** 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 12.** 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.

**SECTION 13. AMENDMENT.** Section 15-18.2-02 of the North Dakota Century Code is amended and reenacted as follows:

**15-18.2-02. Weighted credit-hours - Determination - Instructional program classification factors - Submission to legislative management.**

1. In order to determine the weighted credit-hours for each institution under its control, the state board of higher education shall multiply each of an institution's completed credit-hours, as

determined under section 15-18.2-01, by an instructional program classification factor, as set forth in this section.

a. The factors for credits completed in agriculture are:

(1) 1.9 for lower division credits;

(2) 3.8 for upper division credits;

(3) 5.7 for professional level credits; and

(4) 7.6 for graduate level credits.

b. The factors for credits completed in architecture are:

(1) 1.8 for lower division credits;

(2) 3.6 for upper division credits;

(3) 5.4 for professional level credits; and

(4) 7.2 for graduate level credits.

c. The factors for credits completed in ~~aviation~~transportation are:

(1) 1.9 for lower division credits;

(2) 3.8 for upper division credits;

(3) 5.7 for professional level credits; and

(4) 7.6 for graduate level credits.

d. The factors for credits completed in the biological and physical sciences are:

(1) 1.9 for lower division credits;

(2) 3.8 for upper division credits;

(3) 5.7 for professional level credits; and

(4) 7.6 for graduate level credits.

e. The factors for credits completed in business are:

(1) 1.9 for lower division credits;

(2) 3.8 for upper division credits;

(3) 5.7 for professional level credits; and

(4) 7.6 for graduate level credits.

f. The factors for credits completed in education are:

(1) 1.9 for lower division credits;

(2) 3.8 for upper division credits;

(3) 5.7 for professional level credits; and

(4) 7.6 for graduate level credits.

g. The factors for credits completed in engineering are:

(1) 2.5 for lower division credits;

(2) 5.0 for upper division credits;

(3) 7.5 for professional level credits; and

(4) 10.0 for graduate level credits.

h. The factors for credits completed in the health sciences are:

(1) 3.0 for lower division credits;

(2) 6.0 for upper division credits;

(3) 9.0 for professional level credits;

(4) 12.0 for graduate level credits; and

(5) 38.0 for medical school credits.

i. The factors for credits completed in legal studies are:

(1) 3.5 for lower division credits;

(2) 7.0 for upper division credits;

(3) 10.5 for professional level credits; and

(4) 14.0 for graduate level credits.

j. The factors for credits completed in the core disciplines are:

(1) 1.0 for lower division credits;

(2) 2.0 for upper division credits;

(3) 3.0 for professional level credits; and

(4) 4.0 for graduate level credits.

k. The factor for credits completed in career and technical education is 2.0.

l. The factor for completed ~~remedial~~basic skills credits is 2.3.

2. a. The state board of higher education shall ensure that all delineations in this section reflect the requirements of a nationally recognized and standardized instructional program classification system.

b. Before adopting any changes to the delineations implemented in accordance with this section, the state board of higher education shall present the proposed changes to and receive the approval of the legislative management.

**SECTION 14. 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 15,000;~~

   ~~t. 1.95 if the number of credit-hours is at least 5,000 but less than 10,000; 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 240,000;

   b. 1.05 if the number of credit-hours is at least 180,000 but less than 240,000;

   c. 1.10 if the number of credit-hours is at least 120,000 but less than 180,000;

   d. 1.15 if the number of credit-hours is at least 90,000 but less than 120,000;

   e. 1.20 if the number of credit-hours is at least 80,000 but less than 90,000;

   f. 1.30 if the number of credit-hours is at least 70,000 but less than 80,000;

   g. 1.40 if the number of credit-hours is at least 60,000 but less than 70,000;

h. 1.50 if the number of credit-hours is at least 50,000 but less than 60,000;

i. 1.60 if the number of credit-hours is at least 40,000 but less than 50,000;

j. 1.70 if the number of credit-hours is at least 30,000 but less than 40,000; and

k. 1.80 if the number of credit-hours is less than 30,000.

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 15. 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. ~~1.8~~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.

**SECTION 16. 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.**

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:

1. ~~$66.35~~$72.63 in the case of North Dakota state university and the university of North Dakota;

2. ~~$95.57~~$107.33 in the case of Dickinson state university, Mayville state university, Minot state university, and Valley City state university; and

3. ~~$98.75 in the case of Minot state university;~~

~~4.~~ ~~$101.73~~$114.88 in the case of Bismarck state college, Dakota college at Bottineau, Lake Region state college, ~~and~~ North Dakota state college of science~~;~~, and

~~5. $104.88 in the case of~~ Williston state college.

**SECTION 17.** 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;

   d. Completed a program of home education supervised in accordance with chapter 15.1-23; or

   e. Received a general educational development high school diploma from the superintendent of public instruction;

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 18.** 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.

**SECTION 19.** A new subsection to a new section to chapter 54-10, as created in section 5 of Senate Bill No. 2004, as approved by the sixty-fourth legislative assembly, is created and enacted as follows:

4. This section does not prohibit the state board of higher education from employing internal audit staff or contracting for internal audit services.

**SECTION 20. 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.**

1. 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.

2. 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.

3. 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.

4. An assistant or special assistant attorney general appointed to represent the state board of higher education or an institution under the control of the state board of higher education 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 assistant or special assistant attorney general is considered a state educational official authorized to access student records.

**SECTION 21. 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 22. 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.

**SECTION 23. 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, ~~2015~~2017) 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, ~~2015~~2017) 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 24. REPEAL.** Chapter 15-62.2 of the North Dakota Century Code is repealed.

**SECTION 25. SYSTEMWIDE FUNDING POOLS - TRANSFER AUTHORITY - LEGISLATIVE MANAGEMENT REPORT.** The following line items contained in subdivision 1 of section 1 of this Act include funding that may be transferred in full or in part as provided in this section for the period beginning with the effective date of this Act and ending June 30, 2017, by the state board of higher education to the institutions and entities under its control as follows:

1. The deferred maintenance funding pool line item includes funding that must be used for eligible projects to address deferred maintenance at institutions identified in this subsection. To be eligible to receive funding under this subsection, a project must be identified in campus master plan and space utilization studies and be approved by the board. The maximum amount that may be transferred to each institution from the funding pool is as follows:

   a. $3,500,000 to North Dakota state university;

   b. $3,500,000 to the university of North Dakota;

   c. $700,000 to Bismarck state college;

   d. $500,000 to Mayville state university; and

   e. $500,000 to lake region state college.

2. The education incentive programs line item includes funding that may be allocated to education incentive programs based on program eligibility criteria and the reduction or elimination of specific programs as determined by the board.

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 internal audit funding pool line item includes funding that must be used for systemwide and campus internal audit purposes.

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 internal audit funding pools.

**SECTION 26. CAMPUS CAPITAL PROJECTS - PROJECT MANAGEMENT.** During the biennium beginning July 1, 2015, and ending June 30, 2017, 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 university system office for project management oversight of a capital project.

**SECTION 27. NORTH DAKOTA STATE UNIVERSITY - MINARD HALL - REAUTHORIZATION - BUDGET SECTION REPORT.** In addition to the funds appropriated in section 1 of this Act, North Dakota state university may use unspent state funding from the $5,000,000 appropriation received during the biennium beginning July 1, 2007, and ending June 30, 2009, and unspent state funding from the $13,000,000 appropriation received during the biennium beginning July 1, 2009, and ending June 30, 2011, and special funds derived from insurance litigation settlement and other local institutional funds, to a total of $23,474,300 for the Minard hall project, for the biennium beginning July 1, 2015, and ending June 30, 2017. North Dakota state university shall report to the budget section regarding the status of the Minard hall project and may request increased spending authorization from the budget section for the project.

**SECTION 28. MINOT STATE UNIVERSITY - FOOTBALL STADIUM PRESS BOX - REAUTHORIZATION.** Minot state university may use up to $4,000,000 in private funds from the city of Minot and $1,000,000 in local institutional funds for the completion of the football stadium press box during the period beginning with the effective date of this Act, and ending June 30, 2017.

**SECTION 29. STUDENT LOAN TRUST FUND.** Subdivision 1 of section 1 of this Act includes the sum of $3,504,744, 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, $2,000,000 is for campus leadership transition costs at Dickinson state university, and $539,437 is for connectND campus solution positions, for the biennium beginning July 1, 2015, and ending June 30, 2017.

**SECTION 30. 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, 2015, and ending June 30, 2017. A minimum of twenty-five percent 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 31. 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, 2015, and ending June 30, 2017. All additional funds received under the North Dakota-Minnesota reciprocity agreement during the biennium

beginning July 1, 2015, and ending June 30, 2017, are appropriated to the state board of higher education for reimbursement to institutions under the control of the board.

**SECTION 32. TRANSFER AUTHORITY.** If, during the biennium beginning July 1, 2015, and ending June 30, 2017, the state board of higher education determines that funds allocated to operations in section 1 of this Act are needed for capital assets, the board may transfer funds from operations to capital assets. The board shall report any transfer of funds under this section to the office of management and budget.

**SECTION 33. EXEMPTION - USE OF 2013-15 BIENNIUM APPROPRIATIONS - CONTINGENT APPROPRIATION REDUCTION.** Of the $5,000,000 appropriated from the general fund in the performance funding pool line item in section 1 of chapter 34 of the 2013 Session Laws, $1,000,000 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. Pursuant to section 54-44.1-11, the sum of $4,000,000 appropriated in the performance funding pool line item of subdivision 1 of section 1 of chapter 34 of the 2013 Session Laws may be continued into the biennium beginning July 1, 2015, and ending June 30, 2017. Of the unexpended appropriation, the state board of higher education shall transfer $1,500,000 to Williston state college, $1,500,000 to Dickinson state university, $500,000 to Minot state university, and $500,000 to Dakota college at Bottineau for deferred maintenance and extraordinary campus needs. The board shall transfer a prorated amount if sufficient funding is not available to provide for full transfers. Excluding the transfers authorized in 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.

**SECTION 34. EXEMPTION.** 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. 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 35. EXEMPTION - THEODORE ROOSEVELT CENTER PROJECT - APPROPRIATION CANCELLATION.** Section 3 of chapter 34 of the 2013 Session Laws includes the sum of $6,000,000 from the general fund appropriated to Dickinson state university for the Theodore Roosevelt center project. Section 4 of chapter 49 of the 2013 Session Laws includes the sum of $6,000,000 from the general fund appropriated to Dickinson state university for the Theodore Roosevelt center project. Notwithstanding section 54-44.1-11, the office of management and budget shall cancel these appropriations on July 1, 2016, unless Dickinson state university certifies to the office of management and budget that a site has been selected for the Theodore Roosevelt center, construction plans have been developed for the project, and construction on the center will commence prior to January 1, 2017.

**SECTION 36. 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, 2015, and ending June 30, 2017. The North Dakota university system shall report any adjustments to the office of management and budget before the submission of the 2017-19 biennium budget request.

**SECTION 37. 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, 2017. 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:

| | |
|---|---|
| Dakota college at Bottineau - dormitory renovations | $2,900,000 |
| North Dakota state university - aquatic center | 10,000,000 |
| Total special funds | $12,900,000 |

**SECTION 38. USE OF EXTRAORDINARY REPAIRS FUNDING - MATCHING FUNDS - LEGISLATIVE MANAGEMENT REPORT.** The capital assets line items in subdivisions 2 through 12 of section 1 of this Act include funding 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. An institution may not use a transfer from the deferred maintenance funding pool to provide matching funds under this section. This section does not apply to funding provided for repairs and maintenance of the North Dakota museum of art facility. During the 2015-16 interim, the state board of higher education shall provide a report to the legislative management regarding the use of extraordinary repairs funding and related matching funds.

**SECTION 39. TUITION RATE INCREASE LIMITATIONS - BUDGET SECTION APPROVAL.**

1. Notwithstanding any other provision of law, the state board of higher education may not increase tuition rates for students attending institutions of higher education under its control during the 2015-16 academic year by more than two and one-half percent as compared to the tuition rate in effect during the 2015 spring semester unless the board receives prior budget section approval.

2. Notwithstanding any other provision of law, the state board of higher education may not increase tuition rates for students attending institutions of higher education under its control during the 2016-17 academic year by more than two and one-half percent as compared to the tuition rate in effect during the 2016 spring semester unless the board receives prior budget section approval.

3. For purposes of this section, an institution must calculate a tuition rate increase based on the tuition rate paid by an average full-time student. Any adjustments to a tuition rate resulting from a change in an institution's method of charging tuition, including the addition of fees to tuition rates or charging tuition based on a per-credit rate, must be included in tuition rate calculations under this section.

4. 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.

5. This section does not apply to tuition rates charged for programs offered through the university of North Dakota school of medicine and health sciences.

**SECTION 40. LEGISLATIVE MANAGEMENT REPORT - DICKINSON STATE UNIVERSITY.** Before July 1, 2016, the state board of higher education shall provide a report to the legislative management regarding the operations of Dickinson state university. The report must detail the financial condition of the institution and board directives and plans to improve the financial stability of the institution.

**SECTION 41. LEGISLATIVE INTENT - ATTORNEY SALARIES.** It is the intent of the sixty-fourth legislative assembly that all assistant attorneys general employed in the office of the attorney general, including attorneys assigned to higher education issues, be provided salary and benefits in accordance with uniform salary and benefits schedules established by the attorney general.

**SECTION 42. 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 43. 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 44. 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 45. 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 46. LEGISLATIVE MANAGEMENT STUDY - INSTITUTION MISSIONS.** During the 2015-16 interim, the legislative management shall consider studying 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.

**SECTION 47. LEGISLATIVE MANAGEMENT STUDY - INSTITUTION ADMINISTRATION COSTS.** During the 2015-16 interim, the legislative management shall consider studying administrative costs at institutions under the control of the state board of higher education. The study, if conducted, must review the number of administrator positions at each institution, the number of new administrator positions added at each institution during the previous five academic years, the total salaries and benefits associated with the administrator positions, the average salaries and benefits for administrator positions at each institution for each of the previous five fiscal years, the percentage of overall institution operating costs attributable to administration, and options to provide future increased legislative appropriations to institutions specifically for instructional purposes. The legislative management shall report its findings, together with any legislation necessary to implement the findings, to the sixty-fifth legislative assembly.

**SECTION 48. EMERGENCY.** Sections 9, 25, 28, 33, 34, and 37 and the capital assets, campus security pool, and deferred maintenance pool line items in section 1 of this Act are declared to be an emergency measure.

Wesley R Belter
Speaker of the House

President of the Senate

Bill J. Peterson
Chief Clerk of the House

Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Sixty-fourth Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1003 and that two-thirds of the members-elect of the House of Representatives voted in favor of said law.

Vote: Yeas 67 Nays 23 Absent 4

Wesley R Belter
Speaker of the House

Bill J. Peterson
Chief Clerk of the House

This certifies 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

Received by the Governor at 4:10 P.M. on April 28, 2015.

Approved at 3:45 P.M. on May 12, 2015.

Jack Dalrymple
Governor

Filed in this office this 14th day of May, 2015,

at 2:18 o'clock P M.

Secretary of State